You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRSs.

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

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

OVERVIEW

We are the largest independent distributed AI storage solution provider in China, as measured by installed capacity in 2025. We have developed our proprietary XSEA technology focusing on making data storage fast, resilient and efficient at scale, as well as our proprietary XScale technology focusing on managing large volumes of data in a flexible and scalable way. Leveraging these two proprietary technologies, we have developed our two main solutions, namely AI data lake storage and AI Training and Inference ("**T&I**") storage solutions, through which we enable deployment and implementation of AI storage into our enterprise customers' business operations, addressing critical storage needs during their AI-driven transformation. Our revenue remained relatively stable at RMB166.8 million in 2023 and RMB172.5 million in 2024, and increased by 54.8% to RMB267.0 million in 2025. Our revenue increased by 86.6% from RMB99.5 million in the six months ended June 30, 2025 to RMB185.8 million in the six months ended June 30, 2026.In 2023 and 2024, we recorded net losses of RMB180.7 million and RMB84.2 million; we recorded net profit of RMB7.1 million in 2025. We recorded net loss of RMB10.5 million in the six months ended June 30, 2025 and net profit of RMB0.3 million in the six months ended June 30, 2026. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our gross profit margin was 55.4%, 63.7%, 63.8%, 70.1% and 51.8%, respectively.

BASIS OF PREPARATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

For more information on the basis of preparation of the Historical Financial Information, see Note 2 of Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which may be beyond our control, including (i) the growth and competition environment of AI storage industry, (ii) overall economic conditions and political environment, (iii) relevant laws and regulations, governmental policies and initiatives, and (iv)

occurrence of force majeure events, outbreak of public health incidents, acts of war, social and economic chaos and natural disasters. In addition to the forementioned general factors, we believe our results of operations are also affected by a number of key factors specific to our Group, including the following:

Ability to Maintain Technology Innovation and Competitive Edge

Our ability to maintain technological innovation and a competitive edge through the development of new technologies, the design of new products and solutions and the enhancement and iteration of existing solutions is critical to our sustainable growth. To this end, we established an experienced R&D team with deep expertise in AI storage technologies and have allocated significant resources to the development and iteration of R&D projects. We expect to maintain a high level of research and development expenditure in the future to sustain technological innovation and competitive advantages. Continuous investment in research and development has directly contributed to the introduction of innovative products and expansion of sales therefrom. We have expanded our product portfolio to meet diverse customer requirements in high-performance computing and large-scale data analytics scenarios. These solutions have strengthened customer engagement, driving rapid revenue growth. As the functionality of our solutions improves, we have increased scalability through industry-specific adaptation and unified data foundation, enabling economies of scale, reducing technology migration costs and improving profit margins. Going forward, we anticipate that these technological developments will provide a foundation for sustainable growth in the rapidly evolving AI storage industry.

Our Solution Offerings and Downstream Demand

Our financial performance is contingent to the breadth of our solutions and their ability to adapt to downstream application scenarios. Our AI solutions are designed to meet the requirements of emerging sector applications such as AI LLMs, machine learning, high-performance computing, large-scale data analytics, scientific research and retrieval-augmented generation (RAG). As downstream applications expand, customers in sectors such as autonomous driving, large-model training, industrial AI and financial technology increasingly demand infrastructure that delivers high performance, low latency secure and persistence with long-lifecycle policies, as well as sustained throughput. Our AI storage solutions support block, file and object storage protocols, covering all mainstream standards enabling us to provide a unified and consistent data foundation across different computing architectures, business workloads and deployment models, thereby reducing system integration and migration costs for customers, which in turn improves adoption rates. In addition, our product mix may also affect our gross profit margin. Certain orders where we deliver turnkey appliances generally involve higher costs of sales compared to those where we only deliver software products. As customer preferences shift between these deployment options, the proportion of such solutions may vary across periods, resulting in corresponding fluctuations in our margin profile. Our profitability may also be affected by fluctuations in upstream supply costs and industry conditions that may affect our overall cost structure. In particular, as certain of our solutions delivered in the form of turnkey appliances involve the integration of hardware components, changes in component procurement costs may influence our overall cost structure and gross profit margin. Our ability to manage procurement timing, supplier relationships and pricing arrangements with customers may therefore affect our financial performance. Furthermore, by introducing industry-specific solutions, we improve deployment efficiency and system stability that drive revenue growth. As we gain deep insights into the operational challenges of a particular industry and develop standardized solutions, we are capable of replicating our solutions across multiple subsectors within that industry, allowing us to scale efficiently, achieve large-scale implementation and reduce delivery costs, thereby improving profit margins and strengthen overall profitability.

Our Ability to Expand Customer Base and to Deepen Relationships with Existing Customers

Our growth is dependent on our ability to expand our customer base and strengthen relationships with existing customers. Our customer base has continued to grow, which broadened the deployment of our solutions and created incremental sales opportunities, driving sustained revenue growth. In addition, we strive to maintain stable, long-term relationships by delivering customer-centric solutions to enhance customer stickiness and stable demand, which enhances revenue predictability and stability. Furthermore, leveraging standardized product portfolios and accumulated industry know-how, we have reduced implementation costs, improved delivery efficiency and enhanced deployment stability, helping customers shorten project timelines, reduce

costs and mitigate integration risks. These advantages encourage initial adoption and drive incremental revenue through cross-selling opportunities. Going forward, we aim to further expand and deepen customer relationships, enhance stickiness and improve overall profitability to support sustainable growth.

Our Ability to Effectively Improve Operational Efficiency

Our profitability is partially contingent on our ability to manage costs effectively and enhance operational efficiency. The structure of our cost of sales is influenced by our solutions portfolio, which may involve significant on-site deployment costs for developing and implementing flexible, customized solutions for customers. As we refine our portfolio, we focus on enhancing product compatibility and delivery capability, which increases replicability and reduces customization-related deployment costs, thereby improving our overall cost structure. In addition to optimizing deployment processes, we aim to boost execution efficiency and lower operating costs through technology architecture upgrades, procurement management improvements, technology reuse and better allocation of R&D resources. During the Track Record Period, our operating efficiency showed notable improvement. We will continue to improve product compatibility to significantly enhance solution delivery capability and replicability, enabling us to achieve meaningful cost reductions and further improvements in operational efficiency.

Working Capital Management

Our ability to manage working capital effectively has a significant impact on our operating performance and financial stability, which may affect the availability of funds for research and development. Our operating cash flow is influenced by profitability, changes in working capital and the timing of cash receipts and payments. The efficiency of managing accounts receivable, accounts payable and inventory levels directly affect the cash conversion cycle, which impacts our ability to generate positive cash flow from operating activities. During the Track Record Period, we recorded certain trade and notes receivables that have aged over three years. Long-outstanding balances may present liquidity risks if not recovered in a timely manner. We are actively implementing measures to optimize credit terms and accelerate collections, including enhanced monitoring and timely follow-up actions. By improving receivables management, accelerating cash inflows and maintaining prudent inventory control, we aim to shorten the cash conversion cycle, reduce capital tied up in operations and strengthen liquidity, which in turn maintains the financial flexibility necessary to support our continued business expansion in the AI storage industry.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are relevant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. Our material accounting policy information are set forth in Note 4 of Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	166,841	172,484	267,013	99,529	185,760
Cost of sales	(74,434)	(62,630)	(96,590)	(29,732)	(89,446)
Gross profit	**92,407**	**109,854**	**170,423**	**69,797**	**96,314**
Other income	17,200	12,661	17,332	6,057	7,238
Impairment losses under expected credit loss model, net of reversal	528	359	(887)	(1,008)	609
Other gains and losses, net	(30)	(51)	347	34	286
Selling and marketing expenses	(124,107)	(86,526)	(73,645)	(36,170)	(36,852)
Research and development expenses	(110,012)	(87,959)	(77,186)	(38,010)	(41,426)
Administrative expenses	(56,185)	(32,140)	(24,937)	(11,041)	(13,468)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(471)	(377)	(210)	(120)	(154)
(Loss)/profit before tax	**(180,670)**	**(84,179)**	**7,137**	**(10,461)**	**307**
Income tax expense	–	–	–	–	–
(Loss)/profit and total comprehensive (expense)/income for the year/period	**(180,670)**	**(84,179)**	**7,137**	**(10,461)**	**307**
(Loss)/profit per share (RMB)					
Basic and diluted	(0.48)	(0.23)	0.02	(0.03)	0.00

Revenue

During the Track Record Period, we generated revenue primarily from (i) the sales of data lake storage solutions, and (ii) the sales of storage solutions for T&I. These solutions are delivered to customers either (i) as software alone, or, (ii) in the form of software-embedded turnkey appliances. In general, customers' selection between software and integrated equipment typically depends on a range of factors, including their IT operations capabilities, procurement requirements, hardware reuse considerations, performance objectives and project timelines. Overall, our revenue exhibited an upward trajectory throughout the Track Record Period. We also offer AI storage services, including tail-end warranty, maintenance or renewals services that accompany our AI storage solutions. See "Business — Our Solutions." The following table sets forth a breakdown of our revenue by solution type in absolute amount and as a percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
AI Storage Solutions										
Data lake storage solutions	62,060	37.2	70,141	40.7	129,696	48.6	39,733	39.9	102,017	54.9

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Storage solutions for T&I	75,694	45.4	67,909	39.3	99,235	37.2	41,663	41.9	63,350	34.1
AI Storage Services	29,087	17.4	34,434	20.0	38,082	14.2	18,133	18.2	20,393	11.0
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Revenue by Sales Channel

The following table sets forth our revenue breakdown by sales channel in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Distribution	98,223	58.9	102,905	59.7	190,357	71.3	62,529	62.8	121,883	65.6
Direct sales	68,618	41.1	69,579	40.3	76,656	28.7	37,000	37.2	63,877	34.4
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Revenue by Product Mix

The following table sets forth our revenue breakdown by product mix in absolute amount and as percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Software-based solutions	56,793	34.1	70,022	40.6	114,806	43.0	46,871	47.1	62,701	33.7
Turnkey appliance	80,961	48.5	68,028	39.4	114,125	42.7	34,525	34.7	102,666	55.3
AI storage services	29,087	17.4	34,434	20.0	38,082	14.3	18,133	18.2	20,393	11.0
Total	**166,841**	**100.0**	**172,484**	**100.0**	**267,013**	**100.0**	**99,529**	**100.0**	**185,760**	**100.0**

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) hardware costs, and (ii) employee compensations, primarily reflect the salaries, bonuses and social insurances of our deployment and maintenance personnel. The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Hardware costs	57,254	76.9	50,061	79.9	85,813	88.9	24,790	83.4	83,303	93.1

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee compensations	11,017	14.8	8,676	13.9	8,548	8.8	4,416	14.8	4,915	5.5
Service costs	3,283	4.4	2,844	4.5	1,089	1.1	301	1.0	1,066	1.2
Software costs	2,880	3.9	1,049	1.7	1,140	1.2	225	0.8	162	0.2
Total	**74,434**	**100.0**	**62,630**	**100.0**	**96,590**	**100.0**	**29,732**	**100.0**	**89,446**	**100.0**

The following table sets forth a breakdown of our cost of sales by business line in absolute amount and as a percentage of our total cost of sales for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
AI Storage Solutions										
Data lake storage solutions	32,286	43.4	28,651	45.7	48,827	50.5	13,498	45.4	53,169	59.4
Storage solutions for T&I	30,006	40.3	23,360	37.3	38,126	39.5	11,517	38.7	30,296	33.9
AI Storage Services	12,142	16.3	10,619	17.0	9,637	10.0	4,717	15.9	5,981	6.7
Total	**74,434**	**100.0**	**62,630**	**100.0**	**96,590**	**100.0**	**29,732**	**100.0**	**89,446**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of revenue, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years/periods indicated:

	Year ended December 31,						Six months ended June 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'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
AI Storage Solutions										
Data lake storage solutions	29,774	48.0	41,490	59.2	80,869	62.4	26,235	66.0	48,848	47.9
Storage solutions for T&I	45,688	60.4	44,549	65.6	61,109	61.6	30,146	72.4	33,054	52.2
AI Storage Services	16,945	58.3	23,815	69.2	28,445	74.7	13,416	74.0	14,412	70.7
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

Gross Profit and Gross Profit Margin by Sales Channel

The following table sets forth a breakdown of our gross profit and gross profit margin by sales channel for the years/periods indicated:

	Year ended December 31,						Six months ended June 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'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Distribution	42,774	43.6	48,787	47.4	108,079	56.8	36,159	57.8	52,672	43.2
Direct sales	49,633	72.3	61,067	87.8	62,344	81.3	33,638	90.9	43,642	68.3
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

Gross Profit and Gross Profit Margin by Product Mix

The following table sets forth a breakdown of our gross profit and gross profit margin by product mix for the years/periods indicated:

	Year ended December 31,						Six months ended June 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'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Software-based solutions	54,852	96.6	68,698	98.1	113,666	99.0	46,646	99.5	62,539	99.7
Turnkey appliance	20,610	25.5	17,341	25.5	28,312	24.8	9,735	28.2	19,363	18.9
AI storage services	16,945	58.3	23,815	69.2	28,445	74.7	13,416	74.0	14,412	70.7
Total	**92,407**	**55.4**	**109,854**	**63.7**	**170,423**	**63.8**	**69,797**	**70.1**	**96,314**	**51.8**

Other Income

During the Track Record Period, our other income comprised (i) interest income from bank and other deposits, and (ii) value-added tax refund, and (iii) subsidies awarded by the local government. The following table sets forth a breakdown of our other income for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income					
Value-added tax refund[(1)]	10,163	8,676	10,061	3,395	5,448
Interest income from bank and other deposits	5,314	3,825	4,950	2,617	1,775
Government grants	1,723	160	2,321	45	15
Total	**17,200**	**12,661**	**17,332**	**6,057**	**7,238**

Note (1): Value-added tax refund mainly represents the refund of value-added tax paid for sales of self-developed software in the PRC.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

During the Track Record Period, our impairment losses under expected credit loss model, net of reversal primarily comprised impairment losses recognized on trade receivables and contract assets. The following table sets forth a breakdown of our impairment losses under expected credit loss model, net of reversal, for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Impairment losses reversed/(recognized), net					
Trade receivables and contract assets	(544)	(624)	948	(1,032)	654
Other receivables	16	265	(61)	24	(45)
Total	**(528)**	**(359)**	**887**	**(1,008)**	**609**

Other Gains and Losses

During the Track Record Period, our other gains and losses primarily comprised (i) gain on disposal of property, plant and equipment, and (ii) loss on disposal of right-of-use assets. The following table sets forth a breakdown of our other gains and losses for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Gain on disposal of property, plant and equipment, net	79	197	252	23	234
Loss on disposal of right-of-use assets, net	–	(189)	–	–	–
Net foreign exchange gains	3	–	–	–	–
Others	(112)	(59)	95	11	52
Total	**(30)**	**(51)**	**347**	**34**	**286**

Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses primarily comprised (i) staff costs and welfare expenses, (ii) business development expenses, mainly representing traveling expenses and engagement expenses incurred for client-facing activities, and (iii) depreciation and amortization. The following table sets forth a breakdown of our selling and marketing expenses in absolute amount and as a percentage of our total selling and marketing expenses for the years/periods indicated:

	Years ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Staff costs and welfare expenses	96,204	77.5	71,271	82.3	61,137	83.0	30,649	84.7	31,032	84.2
Business development expenses	19,890	16.0	9,284	10.7	7,361	10.0	2,948	8.2	3,594	9.7

	Years ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Depreciation and amortization	5,774	4.6	4,661	5.4	3,464	4.7	1,835	5.1	1,213	3.3
Rental expenses	1,066	0.9	858	1.0	753	1.0	377	1.0	368	1.0
Office expenses	693	0.6	230	0.3	435	0.6	147	0.4	244	0.7
Share-based payment expenses	–	–	–	–	–	–	–	–	–	–
Others[(1)]	480	0.4	222	0.3	495	0.7	214	0.6	401	1.1
Total	**124,107**	**100.0**	**86,526**	**100.0**	**73,645**	**100.0**	**36,170**	**100.0**	**36,852**	**100.0**

Note (1): Others primarily include transportation expenses, tendering expenses and training expenses.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily comprised (i) staff costs and welfare expenses, and (ii) depreciation and amortization. Given that both data lake storage solutions and storage solutions for T&I are built upon a unified data foundation (including the distributed storage architecture, elastic unified data engine and flexible resource allocation framework), the underlying technical modules and foundational R&D assets developed for the two solutions are highly reusable. A portion of the R&D activities ran across both solutions, focusing on enhancing their general throughput performance, system stability and overall scalability, instead of the independent development for any specific business scenario. Thus, we did not allocate them by each of our Specialist Technology Product. We also did not capitalize R&D expenses by such division. The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the years/periods indicated:

	Years ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs and welfare expenses	91,197	82.9	71,949	81.8	66,378	86.0	32,582	85.7	35,709	86.2
Depreciation and amortization	9,023	8.2	9,936	11.3	6,442	8.3	3,544	9.3	2,976	7.2
Service fees	4,877	4.4	3,351	3.8	2,424	3.1	961	2.5	1,666	4.0
Traveling expenses	2,767	2.6	1,035	1.2	855	1.1	364	1.0	385	0.9
Rental expenses	915	0.8	829	0.9	684	0.9	339	0.9	360	0.9
Office expenses	441	0.4	235	0.3	48	0.1	12	0.0	43	0.1
Share-based payment expenses	–	–	–	–	–	–	–	–	–	–
Others[(1)]	792	0.7	624	0.7	355	0.5	208	0.6	287	0.7
Total	**110,012**	**100.0**	**87,959**	**100.0**	**77,186**	**100.0**	**38,010**	**100.0**	**41,426**	**100.0**

Note (1): Others primarily include testing expenses and patent-related expenses.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily comprised (i) staff costs and welfare expenses, (ii) professional service expenses, mainly representing consulting services, including consulting services related to capital operations, (iii) rental expenses, and (iv) entertainment expenses. The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years/periods indicated:

	Years ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs and welfare expenses	37,773	67.2	21,490	66.9	16,379	65.6	7,725	70.0	7,920	58.8
Professional service expenses	6,224	11.1	2,300	7.2	2,051	8.2	595	5.4	1,893	14.1
Rental expenses	2,477	4.4	2,557	7.9	1,336	5.4	549	5.0	769	5.7
Entertainment expenses	1,644	2.9	1,568	4.9	1,083	4.3	635	5.7	506	3.8
Depreciation and amortization	1,553	2.8	1,345	4.2	888	3.6	462	4.2	429	3.2
Office expenses	2,926	5.2	805	2.5	1,126	4.5	479	4.3	882	6.5
Traveling expenses	523	0.9	523	1.6	789	3.2	246	2.2	315	2.3
Share-based payment expenses	–	–	–	–	–	–	–	–	–	–
Others[(1)]	3,065	5.5	1,552	4.8	1,285	5.2	350	3.2	754	5.6
Total	**56,185**	**100.0**	**32,140**	**100.0**	**24,937**	**100.0**	**11,041**	**100.0**	**13,468**	**100.0**

Note (1): Others primarily include transportation expenses, training expenses and delivery expenses.

Finance Costs

Our finance costs amounted to RMB0.5 million, RMB0.4 million, RMB0.2 million, RMB0.1 million and RMB0.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing interests on lease liabilities and interests on borrowings.

Income Tax Expense

We did not record any income tax expense during the Track Record Period. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. See Note 11 of the Accountants' Report in Appendix I to this document. During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were applicable to us and had no material disputes or unresolved tax issues with relevant tax authorities.

(Loss)/Profit and Total Comprehensive (Expense)/Income for the Year/Period

As a result of the foregoing, we recorded a loss and total comprehensive expense for the year/period of RMB180.7 million and RMB84.2 million in 2023 and 2024, as well as a profit and total comprehensive income for the year/period of RMB7.1 million in 2025, respectively. We recorded loss and total comprehensive expense of RMB10.5 million in the six months ended June 30, 2025 and profit and total comprehensive income of RMB0.3 million in the six months ended June 30, 2026.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2026 Compared with Six months ended June 30, 2025

Revenue

Our revenue increased by 86.6% from RMB99.5 million in the six months ended June 30, 2025 to RMB185.8 million in the six months ended June 30, 2026 driven by an increase in revenue from AI storage solutions, as the rapid adoption of AI technologies across downstream industries fueled demand for advanced storage products, supported by our ability to deliver solutions tailored to specific industry requirements. In particular:

- ***Revenue from data lake storage solutions.*** Our revenue from sales of data lake storage solutions increased significantly from RMB39.7 million in the six months ended June 30, 2025 to RMB102.0 million in the six months ended June 30, 2026. This growth was primarily driven by the improved performance of our data lake storage solutions, as customers placed 205 orders in the six months ended June 30, 2026, compared with 185 orders in the same period in 2025, with the average selling price of each project rising from RMB214.7 thousand in the six months ended June 30, 2025 to RMB497.6 thousand in the six months ended June 30, 2026, which was attributable to (i) growing market demand, together with our ongoing technological enhancements and product refinements, which drove an increase in order volume for our data lake storage solutions, (ii) an increase in the average selling price of certain offerings driven by larger project sizes as customers accelerated investments in AI-related data infrastructure and expanded the scale of their data storage clusters, as well as a shift in the product mix purchased by our customers, as certain customers placed a higher proportion of orders for turnkey appliance solutions that typically carry a higher average contract value.

- ***Revenue from storage solutions for T&I.*** Our revenue from sales of storage solutions for T&I increased by 52.0% from RMB41.7 million in the six months ended June 30, 2025 to RMB63.4 million in the six months ended June 30, 2026. This growth was primarily driven by the improved performance of our storage solutions for T&I, with the average selling price of each project rising from RMB287.3 thousand in the six months ended June 30, 2025 to RMB494.9 thousand in the six months ended June 30, 2026, which was attributable to (i) growing market demand, particularly from emerging application scenarios such as autonomous driving and artificial intelligent data centers, together with our ongoing technological enhancements and product refinements, which contributed to an increase in the average selling price for our storage solutions for T&I, (ii) an increase in the average selling price of certain offerings driven by larger project sizes as customers accelerated investments in AI-related data infrastructure and expanded the scale of their data storage clusters, as well as a shift in the product mix purchased by our customers, as certain customers placed a higher proportion of orders for turnkey appliance solutions that typically carry a higher average contract value.

In addition, revenue from our AI storage services increased by 12.5% from RMB18.1 million in the six months ended June 30, 2025 to RMB20.4 million in the six months ended June 30, 2026, primarily reflecting the recurring contribution from AI storage services associated with solutions delivered in prior periods.

Cost of Sales

Our cost of sales increased significantly from RMB29.7 million in the six months ended June 30, 2025 to RMB89.4 million in the six months ended June 30, 2026, primarily attributable to an increase in hardware costs, mainly driven by (i) an increase in sales volume, coupled with a shift in product mix toward a higher proportion of turnkey appliance solutions delivered during the period, which resulted in increased procurement costs, and (ii) an increase in the price of hardware components during the period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 38.0% from RMB69.8 million in the six months ended June 30, 2025 to RMB96.3 million in the six months ended June 30, 2026. Our gross profit margin decreased from 70.1% in the six months ended June 30, 2025 to 51.8% in the six months ended June 30, 2026. In particular:

- Our gross profit generated from sales of data lake storage solutions increased by 86.2% from RMB26.2 million in the six months ended June 30, 2025 to RMB48.8 million in the six months ended June 30, 2026. Our gross profit margin for data lake storage solutions decreased from 66.0% in the six months ended June 30, 2025 to 47.9% in the same period in 2026.

- Our gross profit generated from sales of storage solutions for T&I increased by 9.6% from RMB30.1 million in the six months ended June 30, 2025 to RMB33.1 million in the six months ended June 30, 2026. Our gross profit margin for storage solutions for T&I decreased from 72.4% in the six months ended June 30, 2025 to 52.2% in the six months ended June 30, 2026.

The above decrease in gross profit margin was primarily attributable to (i) a shift in product mix, as an increasing number of customers opted for turnkey appliance solutions to benefit from more favorable hardware pricing available through us, enabled by our procurement scale and established supplier relationships; and (ii) an increase in the price of hardware components incorporated into our turnkey appliance solutions, which further reduced the gross profit margin of such offerings. Notwithstanding the foregoing, we believe that the impact of these factors could be partially offset by our continued technological advancements and product enhancements, which support the premium pricing of our solutions.

In addition, gross profit generated from our AI storage services increased by 7.4% from RMB13.4 million in the six months ended June 30, 2025 to RMB14.4 million in the same period in 2026, and the gross profit margin for AI storage services remained relatively stable 74.0% in the six months ended June 30, 2025 and 70.7% in the same period in 2026.

Other Income

Our other income increased by 19.5% from RMB6.1 million in the six months ended June 30, 2025 to RMB7.2 million in the six months ended June 30, 2026, primarily attributable to an increase in value-added tax refund in line with our revenue growth.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model changed from impairment losses of RMB1.0 million in the six months ended June 30, 2025 to reversals of RMB0.6 million in the six months ended June 30, 2026, primarily attributable to the improved collection of trade receivables, which optimized the overall aging profile of our trade receivables and resulted in lower expected credit losses.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB36.2 million in the six months ended June 30, 2025 and RMB36.9 million in the six months ended June 30, 2026.

Research and Development Expenses

Our research and development expenses increased by 9.0% from RMB38.0 million in the six months ended June 30, 2025 to RMB41.4 million in the six months ended June 30, 2026, primarily attributable to an increase in staff costs and welfare expenses, as we enhanced compensation packages for key talents and high-performing employees in order to attract, retain and incentivize personnel engaged in the research and development activities.

Administrative Expenses

Our administrative expenses increased by 22.0% from RMB11.0 million in the six months ended June 30, 2025 to RMB13.5 million in the six months ended June 30, 2026, primarily attributable to an increase in professional service expenses, reflecting additional professional services engaged in connection with certain corporate financing activities.

Finance Costs

Our finance costs increased by 28.3% from RMB0.1 million in the six months ended June 30, 2025 to RMB0.2 million in the six months ended June 30, 2026, primarily attributable to an increase in interest on borrowings resulting from additional borrowings incurred during the period, see "— Indebtedness"; such increase was partially offset by a decrease in interest on lease liabilities following our termination of several leases associated with office premises.

Profit/(Loss) and Total Comprehensive Income/(Expense) for the Period

As a result of the foregoing, our loss and total comprehensive expense of RMB10.5 million in the six months ended June 30, 2025 changed to profit and total comprehensive income of RMB0.3 million in the six months ended June 30, 2026, primarily attributable to revenue growth mainly driven by the growing demand for advanced storage solutions across downstream application scenarios, which translated into increased customer adoption and new business opportunities, and was partially offset by an increase in cost of sales resulting from a shift in product mix toward turnkey appliance solutions during the period coupled with higher hardware components prices.

Year ended December 31, 2025 Compared with Year ended December 31, 2024

Revenue

Our revenue increased by 54.8% from RMB172.5 million in 2024 to RMB267.0 million in 2025 driven by an increase in revenue from AI storage solutions as the accelerated AI adoption across downstream industries increased demand for advanced storage solutions, supported by our customer-centric solutions designed to address industry-specific demands, further drove adoption and revenue growth. In particular:

- ***Revenue from data lake storage solutions.*** Our revenue from sales of data lake storage solutions increased by 84.9% from RMB70.1 million in 2024 to RMB129.7 million in 2025. This growth was primarily driven by the improved performance of our data lake storage solutions, as customers placed 508 orders in 2025 compared with 364 orders in the same period in 2024, with the average selling price of each project rising from RMB192.7 thousand in 2024 to RMB255.3 thousand in 2025, which was attributable to (i) expanding market demand, together with ongoing enhancements and refinements to our technologies, which drove a higher volume of orders for our data lake storage solutions, and (ii) the upward adjustments in the average selling price of certain solutions following technology upgrades, as well as higher average installed capacity per order, as measured by TB per order.

- ***Revenue from storage solutions for T&I.*** Our revenue from sales of storage solutions for T&I increased by 46.1% from RMB67.9 million in 2024 to RMB99.2 million in 2025. This growth was primarily driven by the improved performance of our storage solutions for T&I, as customers placed 384 orders in 2025 compared with 293 orders in 2024, which was attributable to expanding market demand, together with ongoing enhancements and refinements to our technologies, which drove a higher volume of orders for our solutions for T&I.

In addition, revenue from our AI storage services increased by 10.6% from RMB34.4 million in 2024 to RMB38.1 million in 2025, primarily reflecting the continued contribution from AI storage services associated with solutions delivered in prior periods.

Cost of Sales

Our cost of sales increased by 54.2% from RMB62.6 million in 2024 to RMB96.6 million in 2025, primarily attributable to an increase in hardware costs arising from a shift in customer demand toward a higher proportion of turnkey appliance offerings, which generally carry a higher cost of sales. In addition, prevailing market pricing conditions for certain components, such as storage chips, further contributed to the increase in hardware costs. To proactively manage the impact of sustained high hardware costs, we implemented the following measures: (i) we moderately increase the procurement of certain hardware components during periods when prices were relatively favorable; and (ii) we continue to expand and diversify our supplier base to identify alternative or supplemental sourcing channels with more competitive pricing.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 55.1% from RMB109.9 million in 2024 to RMB170.4 million in 2025. Our gross profit margin remained relatively stable at 63.7% in 2024 and 63.8% in 2025.

Other Income

Our other income increased by 36.9% from RMB12.7 million in 2024 to RMB17.3 million in 2025, primarily attributable to (i) an increase in value-added tax refund in line with our revenue growth, and (ii) an increase in government grants, as we were eligible for certain government incentive and support programs (such as the "Little Giant") in 2025.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model changed from impairment loss reversals of RMB0.4 million in 2024 to losses of RMB0.9 million in 2025, as our receivable cycle returned to a stable pattern following our collection efforts in 2024, together with an increase in trade receivables as our business scale continued to expand.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 14.9% from RMB86.5 million in 2024 to RMB73.6 million in 2025, primarily attributable to a decrease in staff costs and welfare expenses and business development expenses, driven by the optimization of the sales team structure, reallocation of resources toward markets with higher customer acquisition potential and refined performance evaluation metrics, which collectively improved operational efficiency. In addition, the cumulative effects of our prior brand-building initiatives enabled us to leverage flagship customers to attract additional clients within the same industry, reducing the need for broad-based promotional spending.

Research and Development Expenses

Our research and development expenses decreased by 12.3% from RMB88.0 million in 2024 to RMB77.2 million in 2025, primarily attributable to (i) a decrease in staff costs and welfare expenses following the structure optimization of our R&D team and resource allocation through a more focused R&D approach and the deployment of an AI-enabled quality engineering system, and (ii) a decrease in depreciation and amortization in line with lowered server procurement as we streamline our R&D initiatives and focus on priority research areas. The early stage of our R&D activities involved broader exploration. As our technologies have matured, our R&D efforts have

become more focused and efficient, with outputs increasingly reusable across projects. This was further supported by a shift in our R&D focus from foundational architecture exploration to platform-level iteration and productization, as our core underlying technologies (including XSEA and XScale), have undergone over a decade of continuous development and entered a mature stage. In addition, we have implemented AI-enabled quality engineering system optimizations, which have enhanced our R&D efficiency through (i) the adoption of unified R&D processes and a modular architecture across products, enabling extensive reuse of core technology components and significantly reducing incremental development effort for new products; and (ii) the broad deployment of AI-driven quality engineering systems and R&D productivity tools, including (a) automated detection of code quality issues and potential performance bottlenecks, shortening regression and compatibility testing cycles; (b) AI-assisted coding, code completion and documentation support, improving individual productivity and documentation quality within a streamlined R&D team; and (c) automation of routine tasks such as system monitoring and anomaly alerts, reducing repetitive manual effort. As a result, personnel optimization was primarily driven by workflow efficiency improvements rather than direct headcount control. Looking ahead, our R&D team size will be maintained in line with our R&D initiatives on next-generation AI-native storage platforms and related vertical expansion and adaptation, ensuring alignment between talent deployment and our long-term development roadmap. See "Future Plans and Use of [**REDACTED**]."

Administrative Expenses

Our administrative expenses decreased by 22.4% from RMB32.1 million in 2024 to RMB24.9 million in 2025, primarily attributable to a decrease in staff costs and welfare expenses resulting from the ongoing optimization of our staffing and organizational structure, as well as the extensive adoption of AI toolchains and automated workflows to support routine tasks, which enhanced overall productivity.

Finance Costs

Our finance costs decreased by 44.3% from RMB0.4 million in 2024 to RMB0.2 million in 2025, primarily attributable to a decrease of interests on lease liabilities following our early termination of several leases associated with office premises.

(Loss)/Profit and Total Comprehensive (Expense)/Income for the Year

As a result of the foregoing, our loss and total comprehensive expense of RMB84.2 million in 2024 changed to profit and total comprehensive income of RMB7.1 million in 2025, primarily attributable to revenue growth driven by broader solution adoption and new customer acquisitions amid rising demand for advanced storage solutions in downstream application scenarios, together with a decrease in operating expenses resulting from team structure optimization and the adoption of AI toolchains and automated workflows to enhance productivity.

Year ended December 31, 2024 Compared with Year ended December 31, 2023

Revenue

Our revenue remained relatively stable at RMB166.8 million in 2023 and RMB172.5 million in 2024. In particular:

- ***Revenue from data lake storage solutions.*** Our revenue from sales of data lake storage solutions increased by 13.0% from RMB62.0 million in 2023 to RMB70.1 million in 2024. This growth was primarily driven by the growing downstream demand for AI storage related solutions, combined with the strengthened competitiveness of our solutions resulting from continuous technology upgrades, enabling us to capture more customer demands, which was evidenced by 364 orders placed by customers in 2024 compared with 257 orders in 2023.

- ***Revenue from storage solutions for T&I.*** Our revenue from sales of storage solutions for T&I decreased by 10.3% from RMB75.7 million in 2023 to RMB67.9 million in 2024, primarily attributable to more limited availability of certain advanced training processors (such as the H20 series) in 2024 due to import control constraints; such constraints affected downstream AI cluster construction and delayed customer procurement and project deployment during the year.

In addition, revenue from our AI storage services remained relatively stable at RMB29.1 million in 2023 and RMB34.4 million in 2024.

Cost of Sales

Our cost of sales decreased by 15.9% from RMB74.4 million in 2023 to RMB62.6 million in 2024, primarily due to a decrease in hardware costs as certain customers shifted toward a higher proportion of software-based solutions, which generally carry lower cost of sales.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 18.9% from RMB92.4 million in 2023 to RMB109.9 million in 2024. Our gross profit margin increased from 55.4% in 2023 to 63.7% in 2024, primarily attributable to (i) the enhanced technology of our solutions which strengthened our competitiveness and in turn improved our overall ability to charge premium pricing for our solutions, and (ii) change in product mix as certain customers placed a higher proportion of orders for software-based solutions that typically carry a higher gross profit margin. In particular:

- ***Data lake storage solutions.*** Our gross profit generated from sales of data lake storage solutions increased by 39.4% from RMB29.8 million in 2023 to RMB41.5 million in 2024, and our gross profit margin for data lake storage solutions increased from 48.0% in 2023 to 59.2% in 2024, primarily attributable to (i) a lower hardware costs as certain customers shifted toward a higher proportion of software-based solutions, which generally carry lower cost of sales, and (ii) the strengthened competitiveness of our products resulting from continuous technology upgrades, which enabled us to charge a premium for our data lake storage solutions.

- ***Storage solutions for T&I.*** Our gross profit generated from sales of storage solutions for T&I remained relatively stable at RMB45.7 million in 2023 and RMB44.6 million in 2024. Our gross profit margin for storage solutions for T&I increased from 60.4% in 2023 to 65.6% in 2024, primarily attributable to a shift in the product mix purchased by our customers, as certain customers placed a higher proportion of orders for software-based solutions that typically carry a higher gross profit margin.

In addition, gross profit generated from our AI storage services increased by 40.5% from RMB16.9 million in 2023 to RMB23.8 million in 2024, and the gross profit margin for AI storage services increased from 58.3% in 2023 to 69.2% in 2024, primarily attributable to service scale expansion and resulting economies of scale.

Other Income

Our other income decreased by 26.4% from RMB17.2 million in 2023 to RMB12.7 million in 2024, primarily attributable to (i) a decrease in value-added tax refund due to fluctuations in the underlying tax base and the timing of VAT refund receipts across periods, and (ii) a decrease in interest income from bank and other deposits.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment loss reversals under expected credit loss model remained relatively stable at RMB0.5 million in 2023 and RMB0.4 million in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 30.3% from RMB124.1 million in 2023 to RMB86.5 million in 2024, primarily attributable to a decrease in business development expenses, driven by our efforts to optimize the structure of our sales team and reallocate resources targeting selected markets, coupled with refined performance evaluation metrics that collectively enhanced operational efficiency. In addition, our historical brand-building initiatives have generated cumulative effects; we leveraged flagship customers to attract additional clients in the same industry, which we believed enhanced our customer acquisition efficiency and reduced the need for broad-based promotional spending.

This was further supported by broadly adopted automation and AI-enabled tools in our sales and marketing operations, including automated preparation and standardization of AI-assisted customer communications, marketing materials and internal reports, automated scheduling and coordination of meetings and site visits, and workflow automation for routine administrative and follow-up tasks, reducing repetitive manual work and improved execution efficiency, thereby lowering overall expenses through streamlined workflows and enhanced labor productivity, rather than direct headcount reduction. Going forward, we plan to maintain a sufficient talent pool for localized sales, pre-sales and delivery teams aligned with our key verticals in order to support industry-tailored service delivery. See "Future Plans and Use of [**REDACTED**]."

Research and Development Expenses

Our research and development expenses decreased by 20.0% from RMB110.0 million in 2023 to RMB88.0 million in 2024, primarily attributable to a decrease in staff costs and welfare expenses mainly driven by the optimization of team structure and resource allocation through more focused R&D approach with the priority on our next-generation AI-native storage platform. See "— Period-to-period Comparison of Results of Operations — Year ended December 31, 2025 Compared with Year ended December 31, 2024 — Research and Development Expenses."

Administrative Expenses

Our administrative expenses decreased by 42.9% from RMB56.2 million in 2023 to RMB32.1 million in 2024, primarily attributable to (i) a decrease in staff costs and welfare expenses as we continuously optimized the staffing and organizational structure of our administrative team and extensively adopted AI toolchains and automated workflows to support routine tasks, thereby enhancing overall productivity, and (ii) a decrease in professional service expenses, as certain consulting costs were non-recurring. Specifically, we widely deployed basic process automation tools combining robotic process automation and AI across standardized administrative and human resources workflows, including (i) process automation in routine finance and HR functions such as financial reconciliation, invoice review, employee expense reimbursement and preliminary resume screening; and (ii) office and decision-support tools, including large language model-based assistants for meeting documentation, routine document processing and preliminary contract reviews. These initiatives were further supported by the continued enhancement and integration of our internal digital infrastructure, which reduced cross-departmental coordination costs. As a result, the reduction in administrative expenses was primarily driven by process optimization and productivity gains rather than direct headcount control.

Finance Costs

Our finance costs remained relatively stable at RMB0.5 million in 2023 and RMB0.4 million in 2024.

Loss and Total Comprehensive Expense for the Period

As a result of the foregoing, our loss and total comprehensive expense for the year decreased by 53.4% from RMB180.7 million in 2023 to RMB84.2 million in 2024, primarily driven by a decrease in operating expenses as we optimized the personnel structure and leveraged innovative use of AI and other efficiency tools to enhance workforce productivity.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Liabilities

The following table sets forth selected information from our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	24,506	15,581	9,040	8,568
Right-of-use assets	9,994	4,962	4,032	2,691
Intangible assets	1,155	763	617	546
Term deposits	81,107	121,682	40,947	41,700
Prepayments, deposits and other receivables	1,008	919	227	3,598
Total non-current assets	**117,770**	**143,907**	**54,863**	**57,103**
Non-current liabilities				
Contract liabilities	22,081	22,494	24,451	27,646
Lease liabilities	5,366	1,250	1,153	800
Total non-current liabilities	**27,447**	**23,744**	**25,604**	**28,446**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment comprised (i) machinery, equipment and vehicles, including production equipment used in the manufacturing and assembly process such as operating workstations, pressure and torque testing instruments and servers used for testing purposes, (ii) office equipment, computers and others, including office equipment used for day-to-day operation as well as office equipment used in the production process, such as laptop computers and material barcode scanners, and (iii) leasehold improvement. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Machinery, equipment and vehicles	534	286	141	72
Office equipment, electric equipment and others	19,383	12,465	7,828	8,305
Leasehold improvement	4,589	2,830	1,071	191
Total	**24,506**	**15,581**	**9,040**	**8,568**

Our property, plant and equipment decreased by 36.4% from RMB24.5 million as of December 31, 2023 to RMB15.6 million as of December 31, 2024, primarily attributable to (i) a decrease in office equipment, electric equipment and other, reflecting the disposal and gradual depreciation of servers and related devices purchased in 2023 to support our business operations, and (ii) a decrease in leasehold improvement, representing ongoing amortization of prior office renovation costs. Our property, plant and equipment further decreased by 42.0% to RMB9.0 million as of December 31, 2025, primarily attributable to a decrease in office equipment, electric equipment and others, reflecting the disposal and gradual depreciation of servers and related devices previously purchased. Our property, plant and equipment further decreased by 5.2% from RMB9.0 million as of December 31, 2025 to RMB8.6 million as of June 30, 2026, primarily attributable to a decrease in leasehold improvement as the remaining amortization period of such leasehold improvement shortened, which was partially offset by an increase in office equipment, electronic equipment and other assets, primarily attributable to the procurement of additional servers for our research and development activities.

Right-of-use Assets

During the Track Record Period, our right-of-use assets were leased offices. Our right-of-use assets decreased by 50.4% from RMB10.0 million as of December 31, 2023 to RMB5.0 million as of December 31, 2024 following our termination of several leases associated with office premises. Our right-of-use assets decreased by 18.7% to RMB4.0 million as of December 31, 2025, and further decreased by 33.3% to RMB2.7 million as of June 30, 2026, primarily attributable to the continued depreciation of existing leases.

Intangible Assets

During the Track Record Period, our intangible assets were software. Our intangible assets decreased by 33.9% from RMB1.2 million as of December 31, 2023 to RMB0.8 million as of December 31, 2024, and further decreased to RMB0.6 million as of December 31, 2025 and RMB0.5 million as of June 30, 2026, primarily attributable to the amortization of software. In particular, at the end of each year/period during the Track Record Period, we assess the carrying amounts of our non-financial assets to determine whether there is any indication of impairment, in accordance with the accounting policy set out in Note 4 to the Accountants' Report in Appendix I to this document. Although we had net losses in 2023 and 2024, such losses were within our expectation as we remained in the research and development stage and made significant investments in research and development activities. With expanding sales, we reached the break even point in 2025. Having reviewed both internal and external sources of information, we did not identify any indicators of impairment for our non-financial assets. Accordingly, we concluded that there was no impairment needed for our non-financial assets as of December 31, 2023, 2024, 2025 and June 30, 2026.

Contract Liabilities

Our contract liabilities primarily arise from (i) the advanced payments made by the customers while the underlying solutions or services are not yet provided, and (ii) the software maintenance and upgrade services which are accounted for as a separate performance obligation of which the revenue is recognized over the service period. The following table sets forth a breakdown of the current and non-current portions of contract liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current	22,081	22,494	24,451	27,646
Current	30,400	32,967	26,316	26,967
Total	**52,481**	**55,461**	**50,767**	**54,613**

Our contract liabilities increased by 5.7% from RMB52.5 million as of December 31, 2023 to RMB55.5 million as of December 31, 2024, primarily in line with the changes in advanced payments received and revenue recognized for the relevant periods. Our contract liabilities decreased by 8.5% from RMB55.5 million as of December 31, 2024 to RMB50.8 million as of December 31, 2025, primarily attributable to a decrease in the current portion of contract liabilities, reflecting a lower balance of advance payments received for goods yet to be delivered. This was partially offset by an increase in the non-current portion of contract liabilities, which mainly comprised consideration related to warranty services associated with our solutions offerings and remained broadly in line with the growth of solution sales. Our contract liabilities increased by 7.6% from RMB50.8 million as of December 31, 2025 to RMB54.6 million as of June 30, 2026, primarily attributable to an increase in the non-current portion of contract liabilities mainly consisting of warranty services associated with our solutions offerings, which remained generally in line with the growth of our sales.

As of July 31, 2026, approximately RMB1.7 million, or 6.3% of the current portion of our contract liabilities as of June 30, 2026 had been utilized.

Current Assets and Liabilities

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Inventories	32,255	22,873	24,113	55,087	53,881
Trade and notes receivables	54,667	32,704	88,619	123,465	117,215
Contract assets	139	59	645	435	435
Prepayments, deposits and other receivables	12,130	18,670	13,366	25,072	25,085
Financial assets at FVTPL	–	50,075	–	–	–
Term deposits	128,176	40,273	82,768	32,323	32,323
Restricted bank deposits	–	623	–	472	472
Cash and cash equivalents	165,370	114,629	47,263	26,335	26,237
Total current assets	**392,737**	**279,906**	**256,774**	**263,189**	**255,648**
Current liabilities					
Trade and other payables	45,428	45,139	64,136	41,648	43,934
Contract liabilities	30,400	32,967	26,316	26,967	26,967
Lease liabilities	4,628	3,538	2,294	1,618	3,692
Borrowings	–	–	–	28,019	28,000
Total current liabilities	**80,456**	**81,644**	**92,746**	**98,252**	**102,593**
Net current assets	**312,281**	**198,262**	**164,028**	**164,937**	**153,055**

Our net current assets decreased by 36.5% from RMB312.3 million as of December 31, 2023 to RMB198.3 million as of December 31, 2024. The decrease was primarily attributable to (i) a decrease in cash and cash equivalents, (ii) a decrease in term deposits, partially due to previously purchased deposits gradually matured, and (iii) a decrease in trade and notes receivables primarily attributable to a decrease in trade receivables attributable to strengthened collection supervision, which improved accounts receivable collections. This decrease was partially offset by an increase in financial assets at FVTPL, reflecting a one-time temporary investment in structured deposits from a reputable bank.

Our net current assets decreased by 17.3% from RMB198.3 million as of December 31, 2024 to net current assets of RMB164.0 million as of December 31, 2025. The decrease was primarily attributable to (i) a decrease in financial assets at FVTPL, primarily due to the maturity of a one-time temporary investment in structure deposits, and (ii) an increase in trade and other payables, resulting from moderately increased procurement of certain hardware components during a relatively favorable pricing period. This decrease was partially offset by (i) an increase in trade and notes receivables following the surge in customer demand as increased sales volumes from our

customer-centric solutions resulted in a corresponding rise in accounts receivables, and (ii) an increase in the current portion of term deposits, primarily attributable to our selection and allocation of deposit products based on prevailing interest rate levels.

Our net current assets remained relatively stable at RMB164.0 million as of December 31, 2025 and RMB164.9 million as of June 30, 2026.

Our net current assets decreased by 7.2% from RMB164.9 million as of June 30, 2026 to RMB153.1 million as of July 31, 2026. This decrease was primarily attributable to (i) a decrease in trade and notes receivables, primarily attributable to the subsequent settlement and collection of receivables recognized in connection with delivery and acceptance milestones that are typically scheduled and completed near quarter-end; (ii) an increase in trade and other payables, primarily attributable to increased procurement of hardware in anticipation of potential increase in hardware prices; and (iii) an increase in lease liabilities under current portion, primarily attributable to the renewal of certain leased properties approaching expiry.

Inventories

During the Track Record Period, our inventories primarily comprised (i) raw materials, primarily consisted of performance-critical components such as SSDs, memory and NICs, (ii) finished goods, representing fully assembled turnkey appliances combining both hardware and software, and (iii) goods in transit, mainly representing turnkey appliances that have been shipped to our customers but are pending deployment and final acceptance. The following table sets forth a breakdown of our inventories as of the dates:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	20,249	3,788	6,208	49,909
Finished goods	1,643	468	812	1,644
Goods in transit	10,363	18,617	17,093	3,534
Total	**32,255**	**22,873**	**24,113**	**55,087**

Our inventories decreased by 29.1% from RMB32.3 million as of December 31, 2023 to RMB22.9 million as of December 31, 2024, primarily attributable to a decrease in raw materials, reflecting our ongoing efforts to optimize supply chain and inventory management, improve turnover efficiency and reduce stockpiling. This decrease was partially offset by an increase in goods in transit, mainly due to scheduling arrangements to align with customer installation timelines. Our inventories increased by 5.4% from RMB22.9 million as of December 31, 2024 to RMB24.1 million as of December 31, 2025, primarily attributable to an increase in raw materials, reflecting the moderate increase in inventory levels during relatively favorable pricing periods to support anticipated growth in customer demand and in response to the potential increase in certain hardware component prices, including storage chips. Our inventories increased significantly from RMB24.1 million as of December 31, 2025 to RMB55.1 million as of June 30, 2026, primarily attributable to an increase in raw materials, as we strategically built up inventory during periods of relatively favorable prices to mitigate the impact of anticipated raw material price increases; this increase was partially offset by a decrease in goods in transit, as certain customers accelerated product acceptance and settlement processes to secure available supply and lock in lower prices amid expectations of rising hardware component costs.

The following table sets forth the aging analysis of our inventory after deduction of provision as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	25,780	19,286	23,478	54,687
Over 1 year	6,475	3,587	635	400
Total	**32,255**	**22,873**	**24,113**	**55,087**

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

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
		(days)		
Inventory turnover days[(1)]	182.0	158.4	87.6	79.7

Note:

(1) Inventory turnover days for a year/period equal the average of the gross value of the opening and closing inventory balance divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360/180 days for each year/period.

Our inventory turnover days decreased significantly from 182.0 days in 2023 to 158.4 days in 2024, and further decreased to 87.6 days in 2025, primarily attributable to our ongoing efforts to optimize supply chain and inventory management and improve turnover efficiency. We also shortened delivery cycles and secured higher credit limits by establishing long-term strategic partnerships with key suppliers, enabling us to better navigate a complex supply chain environment with frequent fluctuations in upstream components. In addition, as our product portfolio have broadened to include more software-based solutions, which generally involve shorter implementation procedures, our overall inventory turnover performance further improved. Our inventory turnover days further decreased from 87.6 days in 2025 to 79.7 days in the six months ended June 30, 2026, primarily attributable to our continued efforts to optimize supply chain management and improve inventory turnover efficiency, as well as accelerated product acceptance and settlement by certain customers seeking to secure available supply.

Specifically, we adopt a series of inventory management measures that contributed to the decrease in our inventory level during the Track Record Period, including (i) enhanced collection supervision through stricter performance assessments for distributors, with caps on the volume and value of overdue orders and the potential reduction or termination of cooperation upon breach of such thresholds; (ii) inventory policy to maintain lower stock levels, primarily in response to frequent changes in hardware specifications resulting from ongoing technology architecture iterations; and (iii) rolling demand forecasting, under which we maintain frequent communication with suppliers on delivery schedules and pricing trends and coordinate internally between sales and operations to improve inventory turnover efficiency. In addition, we maintain long-term relationships with strategic suppliers to secure priority supply and favorable pricing, and enter into fixed-price procurement contracts to lock in costs. Accordingly, although certain raw materials experienced price fluctuations during the Track Record Period, such fluctuations did not materially affect our inventory management policies or inventory levels.

As of July 31, 2026, approximately RMB3.7 million, or 6.6% of our inventories as of June 30, 2026 had been utilized or sold.

Trade and Notes Receivables

During the Track Record Period, our trade and notes receivables comprised trade receivables and notes receivables. The following table sets forth a breakdown of our net trade and notes receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	56,248	36,706	90,520	126,164
Notes receivables	3,669	625	3,658	2,213
Less: Allowance for credit losses	(5,250)	(4,627)	(5,559)	(4,912)
Trade and notes receivables, net	**54,667**	**32,704**	**88,619**	**123,465**

Our trade and notes receivables decreased by 40.2% from RMB54.7 million as of December 31, 2023 to RMB32.7 million as of December 31, 2024, primarily attributable to a decrease in trade receivables, driven by our strengthened collection supervision and stricter performance assessments for distributors, which improved timeliness of accounts receivables collections and reduced overall trade receivable balance. Our trade and notes receivables increased significantly from RMB32.7 million as of December 31, 2024 to RMB88.6 million as of December 31, 2025, primarily attributable to an increase in trade receivables reflecting (i) the revenue and overall business scale increase due to our efforts to upgrade and diversify our solutions and services as well as to acquire new customers, and (ii) the addition of certain reputable customers in the relevant industries during the year, for whom we moderately extended payment terms to align with their internal financial and budgetary arrangement, taking into account their credit profiles and cooperation circumstances. Our trade and notes receivables increased by 39.3% from RMB88.6 million as of December 31, 2025 to RMB123.5 million as of June 30, 2026, primarily attributable to an increase in trade receivables mainly reflecting the growth of our revenue and overall business scale driven by the continued enhancement and diversification of solutions and expansion of our customer base.

Our allowance for credit losses was determined using expected credit loss model under IFRS 9. Considering that (i) we have implemented stringent credit risk management measures, including assigning a designated team to set credit limits, approving credit terms and monitoring overdue balances to ensure timely recovery, (ii) we regularly evaluate the recoverability of trade receivables, taking into account customer credit profiles, historical repayment patterns, aging analysis and subsequent settlement, and (iii) the majority of our trade and notes receivables are aged within one year, our Directors are of the view that there are no material recoverability issues with the trade receivables as of the Latest Practicable Date.

The following table sets forth an aging analysis of our trade receivables based on the dates of receiving customer confirmation for delivery or rendering of services, as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	35,526	28,003	82,035	114,718
1 to 2 years	14,029	1,547	3,534	8,149
Over 2 years	6,693	7,156	4,951	3,297
Total	**56,248**	**36,706**	**90,520**	**126,164**

We typically offer major customers a credit period up to 60 days, except for certain credit worthy customers, where the credit periods are extended to a longer period. We maintain strict control over outstanding trade and notes receivables through established policies, under which extended credit terms of 30 to 150 days are granted only for certain credit worthy counterparties with an appropriate credit history. During the Track Record Period, a majority of our trade receivables, being 63.2%, 76.3%, 90.6% and 90.9% as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively, were aged within one year. The following table sets forth the turnover days of our trade and notes receivables for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
		(days)		
Trade and notes receivables turnover days[(1)]	145.7	91.2	81.8	102.8

Note:

(1) Trade and notes receivables turnover days for a year/period equal the average of opening and closing balance of trade and notes receivables (net of impairment) for the relevant year/period divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360/180 days for each year/period.

Our trade and notes receivables turnover days significantly decreased from 145.7 days in 2023 to 91.2 days in 2024, primarily attributable to strengthened collection efforts, including performance-based collection assessments and the targeted clearance of historical aged receivables. Our trade and notes receivable turnover days decreased from 91.2 days in 2024 and 81.8 days in 2025, primarily attributable to our revenue growth during the year while the overall credit policies remained prudent and stable. Our trade and notes receivable turnover days increased from 81.8 days in 2025 to 102.8 days in the six months ended June 30, 2026 as certain of the newly secured projects were for end customers such as telecommunications companies and financial institutions that generally involve delivery and acceptance near quarter-end. As a result, we recorded a higher trade receivables balance as of June 30, 2026 following the completion of such delivery and acceptance.

As of July 31, 2026, approximately RMB24.8 million, or 19.7% of our trade receivables as of June 30, 2026, had been settled.

Prepayments, Deposits and Other Receivables

During the Track Record Period, our prepayments, deposits and other receivables primarily comprised (i) other receivables, representing amounts due from the employee shareholding platforms for the repurchase prices paid to the resigned employees on behalf of the platforms, as well as the placement of a capital reduction guarantee deposit with one of our shareholders, (ii) prepayments to suppliers and prepaid expenses, primarily to procure raw materials, software and related services, (iii) deposits for targeted capital repurchase, see Note 23 of Appendix I to this document, and (iv) prepayment other tax expense, mainly representing deductible input VAT. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	3,303	10,381	10,731	15,788
Deposits for targeted capital repurchase	–	4,000	–	–
Less: Allowance for credit losses	(40)	(305)	(244)	(289)
Sub-total other receivables	**3,263**	**14,076**	**10,487**	**15,499**
Prepayment to suppliers and prepaid expenses	2,478	1,902	2,274	9,873
Deferred issue costs	–	–	824	3,298
Prepaid other tax expenses	7,397	3,611	–	–
Prepaid income tax expense	–	–	8	–
Total	**13,138**	**19,589**	**13,593**	**28,670**

The following table sets forth a breakdown of the current and non-current portions of prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current	1,008	919	227	3,598
Current	12,130	18,670	13,366	25,072
Total	**13,138**	**19,589**	**13,593**	**28,670**

Our prepayments, deposits and other receivables increased by 49.1% from RMB13.1 million as of December 31, 2023 to RMB19.6 million as of December 31, 2024, primarily attributable to an increase in other receivables, representing (i) amounts due from the employee shareholding platforms for the repurchase prices paid to the resigned employees on behalf of the platforms, see "History, Development and Corporate Structure — Our Incentive Plans and Employee Shareholding Platforms," as well as (ii) the placement of a capital reduction guarantee deposit with one of our shareholders. This increase was partially offset by a decrease in prepaid other tax expenses in line with the increase of sales in 2024. Our prepayments, deposits and other receivables decreased from RMB19.6 million as of December 31, 2024 to RMB13.6 million as of December 31, 2025, primarily attributable to (i) a decrease in deposits for targeted credit losses, reflecting the receipt of the capital reduction guarantee deposit previously placed with one of our shareholders upon the completion of the capital reduction, and (ii) a decrease in prepaid other tax expenses in line with the increase of sales in 2025. Our prepayments, deposits and other receivables increased significantly from RMB13.6 million as of December 31, 2025 to RMB28.7 million in the six months ended June 30, 2026, primarily attributable to (i) an increase in prepayment to suppliers and prepaid expenses, as we strategically procured servers and hardware components during periods of relatively favorable pricing in anticipation of continued increase in hardware component price; (ii) an increase in other receivables, representing outstanding value-added tax refunds receivable from the relevant tax authority; and (iii) an increase in deferred issue costs in relation to the [**REDACTED**].

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss primarily consisted of our investment in structured deposits from a reputable bank. Our financial assets at fair value through profit or loss increased significantly from nil as of December 31, 2023 to RMB50.1 million as of December 31, 2024, and further decreased to nil as of December 31, 2025, primarily attributable to the maturity of a one-time temporary investment in structured deposits. Our financial assets at fair value through profit or loss remained at nil as of December 31, 2025 and as of June 30, 2026.

We consistently prioritize capital preservation and sufficient liquidity while selectively investing in high-yield products offered by banks to optimize our financial investment portfolio. We believe that such investments serve the best interests of our Company by enhancing income without interference with our business operations or capital expenditure plans. To safeguard funds and preserve capital, we have implemented a series of risk management policy and internal control measures governing our investments in structured deposits. Key policies and measures include: (i) the scale and term of each investment must align with our cash flow planning; (ii) all investments must undergo assessment by our finance department, and subject to the approval of the authorized bodies of the shareholders' meeting and the Board; and (iii) we only purchase low-risk structured deposits.

Term Deposits

During the Track Record Period, our term deposits primarily represent bank deposits with original maturities of two to three years and carry interest rates ranging from 2.15% to 2.90% per annum. The following table sets forth a breakdown of the current and non-current portions of term deposits as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current	81,107	121,682	40,947	41,700
Current	128,176	40,273	82,768	32,323
Total	**209,283**	**161,955**	**123,715**	**74,023**

Our term deposits under non-current portion increased from RMB81.1 million as of December 31, 2023 to RMB121.7 million as of December 31, 2024, primarily attributable to our increased purchases of term deposits to enhance returns on surplus funds. Our term deposits under non-current portion decreased to RMB40.9 million as of December 31, 2025, as certain long-term deposits were approaching their maturity within 12 months as of the same date. Our term deposits under non-current portion remained relatively stable at RMB40.9 million as of December 31, 2025 and RMB41.7 million as of June 30, 2026. Our term deposits under current portion decreased from RMB128.2 million as of December 31, 2023 to RMB40.3 million as of December 31, 2024, primarily attributable to our selection and allocation of deposit products based on prevailing interest rate levels. Our term deposits under current portion increased to RMB82.8 million as of December 31, 2025, following the approaching maturity of certain long-term deposits that were expected to mature within 12 months as of the same date. Our term deposits under current portion decreased from RMB82.8 million as of December 31, 2025 to RMB32.3 million as of June 30, 2026, primarily reflecting the reallocation of our cash resources toward the strategic procurement of hardware components during the period of relatively favorable pricing, in anticipation of further increase in hardware component costs and to support customer delivery schedules.

Trade and Other Payables

During the Track Record Period, our trade and other payables primarily comprised (i) trade payables mainly representing our settlement with suppliers, (ii) salaries, welfare and bonus payables to employees, and (iii) payables for targeted capital repurchase. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	15,070	15,711	26,127	9,642
Notes payables	–	1,246	–	945
Salaries, welfare and bonus payable	21,638	21,092	25,018	17,871
Other tax payables	2,590	2,116	5,301	4,009
Other payables[(1)]	6,130	4,974	7,690	9,181
Total	**45,428**	**45,139**	**64,136**	**41,648**

Note:

(1) Other payables primarily represent social insurance and housing provident fund withheld and remitted on behalf of employees, as well as deposits and security margins paid to suppliers.

Our trade and other payables remained relatively stable at RMB45.4 million as of December 31, 2023 and RMB45.1 million as of December 31, 2024. Our trade and other payables increased from RMB45.1 million as of December 31, 2024 to RMB64.1 million as of December 31, 2025, primarily attributable to an increase in trade payables, reflecting our moderately higher procurement of certain hardware components during the relatively favorable pricing period to support anticipated growth in customer demand and in response to the potential price increase in certain hardware components prices. Our trade and other payables decreased from RMB64.1 million as of December 31, 2025 to RMB41.6 million as of June 30, 2026, primarily attributable to (i) a decrease in trade payables, mainly reflecting our increased use of advance payment arrangements for certain hardware purchases to secure product availability and lock in favorable pricing amid anticipated supply constraints and rising prices of storage servers and related hardware components; and (ii) a decrease in salaries, welfare and bonus payable, mainly reflecting a lower balance of accrued annual bonuses as of June 30, 2026 compared with December 31, 2025, as bonus accruals are partially settled through payments made during the first half of the year.

Our trade and other payables are normally settled on credit terms within 60 days. The following table sets forth an aging analysis of the trade payables based on the invoice dates as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	13,871	14,820	25,351	9,594
1 to 2 years	1,199	891	776	48
Total	**15,070**	**15,711**	**26,127**	**9,642**

The following table sets forth the turnover days of our trade and notes payables for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
		(days)		
Trade and notes payables turnover days[(1)]	123.2	92.0	80.3	36.9

Note:

(1) Trade and notes payables turnover days for a year/period equal the average of the opening and closing balance of trade and notes payables for the relevant year/period divided by the cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 360/180 days for each year/period.

Our trade and notes payables turnover days decreased significantly from 123.2 days in 2023 to 92.0 days in 2024; our trade and notes payables further decreased to 80.3 days in 2025, primarily driven by (i) increased cooperation with suppliers offering more competitive pricing, which may involve shorter payment terms as part of commercial negotiations, and (ii) the onboarding of new suppliers to meet rising customer demand for upgraded specifications, where credit terms are generally shorter at the initial stage of cooperation. Our trade and notes payables turnover days decreased from 80.3 days in 2025 to 36.9 days in the six months ended June 30, 2026, primarily attributable to the continued impact of our procurement arrangements and onboarding of new suppliers as discussed above and, in particular, our increased use of advance payment arrangements for certain hardware purchases to secure product availability and favorable pricing in anticipation of tightening supply and higher price of storage servers and related hardware components.

As of July 31, 2026, approximately RMB18.7 million, or 44.8% of our trade and other payables as of June 30, 2026 had been settled.

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,			As of/for the six months ended June 30,
	2023	2024	2025	2026
Revenue growth[(1)] (%)	N/A	3.4	54.8	86.6
Net (loss)/profit rate[(2)] (%)	(108.3)	(48.8)	2.7	0.2
Gross profit margin[(3)] (%)	55.4	63.7	63.8	51.8
Current ratio[(4)]	4.9	3.4	2.8	2.7
Quick ratio[(5)]	4.5	3.1	2.5	2.1
Debt-to-asset ratio[(6)] (%)	21.1	24.9	38.0	39.6

Notes:

(1) Revenue growth rate is calculated based on revenue growth for the relevant year/period divided by revenue for the previous year/period and multiplied by 100%. See "— Period-to-Period Comparison of Results of Operations" for a discussion of the factors affecting our revenue changes during the Track Record Period.

(2) Net loss or profit rate is calculated based on loss or profit and total comprehensive income or expense for the year/period divided by revenue and multiplied by 100%. See "— Period-to-Period Comparison of Results of Operations" for a discussion of the factors affecting our net profit or loss changes during the Track Record Period.

(3) Gross profit or loss margin is calculated based on gross profit or loss divided by revenue and multiplied by 100%. See "— Period-to-Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit or loss margin changes during the Track Record Period.

(4) Current ratio equals total current assets divided by total current liabilities as of the relevant dates. Our current ratio decreased from 4.9 as of December 31, 2023 to 3.4 as of December 31, 2024, primarily because our total current assets decreased while our total current liabilities remained relatively stable. Our current ratio decreased from 3.4 as of December 31, 2024 to 2.8 as of December 31, 2025, primarily because our total current assets decreased, coupled with a simultaneous decrease in our total current liabilities. Our current ratio remained relatively stable at 2.8 as of December 31, 2025 and 2.7 as of June 30, 2026.

(5) Quick ratio equals total current assets less inventories divided by total current liabilities as of the relevant dates. Our quick ratio decreased from 4.5 as of December 31, 2023 to 3.1 as of December 31, 2024, primarily because our total current assets less inventories decreased while our total current liabilities remained relatively stable. Our quick ratio decreased from 3.1 as of December 31, 2024 to 2.5 as of December 31, 2025, primarily because our total current assets less inventories decreased, coupled with a simultaneous decrease in our total current liabilities. Our quick ratio decreased from 2.5 as of December 31, 2025 to 2.1 as of June 30, 2026, primarily because our total current assets less inventories decreased, coupled with a simultaneous increase in our total current liabilities.

(6) Debt-to-asset ratio equals total liabilities divided by total assets and multiplied by 100% as of the relevant dates. Our debt-to-asset ratio increased from 21.1% as of December 31, 2023 to 24.9% as of December 31, 2024, primarily because our total assets decreased while our total liabilities remained relatively stable. Our debt-to-asset ratio further increased to 38.0% as of December 31, 2025, primarily because our total assets decreased while our total liabilities increased. Our debt-to-asset ratio remained relatively stable at 38.0% as of December 31, 2025 and 39.6% as of June 30, 2026.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations and equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had cash and cash equivalents of RMB165.4 million, RMB114.6 million, RMB47.3 million and RMB26.3 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow, equity and debt financing and the estimated net [**REDACTED**] received from the [**REDACTED**].

Cash Flow

The following table sets forth our cash flow for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows used in operating activities	(152,561)	(39,266)	(25,459)	(30,973)	(93,480)
Net cash flows (used in)/generated from investing activities	(96,451)	(2,244)	91,085	49,869	48,582
Net cash flows (used in)/generated from financing activities	(5,173)	(9,231)	(132,992)	(2,146)	23,970
Net decrease in cash and cash equivalents	(254,185)	(50,741)	(67,366)	16,750	(20,928)
Cash and cash equivalents at beginning of the year/period	419,552	165,370	114,629	114,629	47,263
Effect of foreign exchange rate changes	3	–	–	–	–
Cash and cash equivalents at end of year/period	165,370	114,629	47,263	131,379	26,335

Net Cash Flows Used in Operating Activities

Our net cash flows used in operating activities primarily represented our loss or profit before tax for the year/period adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital.

In the six months ended June 30, 2026, our net cash flows used in operating activities was RMB93.5 million, which was primarily attributable to our profit before tax of RMB0.3 million as adjusted by (i) non-cash and nonoperating items, primarily comprising depreciation of property, plant and equipment of RMB3.5 million, and depreciation of right-of-use assets of RMB2.1 million and (ii) changes in working capital, which primarily comprised increase in trade and notes receivables of RMB34.2 million, increase in inventories of RMB31.0 million and decrease in trade and other payables of RMB22.8 million. In 2025, our net cash flows used in operating activities was RMB25.5 million, which was primarily attributed to our profit before tax of RMB7.1 million as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB8.7 million, and depreciation of right-of-use assets of RMB4.2 million and (ii) changes in working capital, which primarily comprised increase in trade and notes receivables of RMB56.8 million, partially offset by increase in trade and other payables of RMB18.3 million.

In 2024, our net cash flows used in operating activities was RMB39.3 million, which was primarily attributed to our loss before tax of RMB84.2 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB12.3 million; and (ii) changes in working capital, which primarily comprised increase in prepayments, deposits and other receivables of RMB2.8 million, partially offset by decrease in trade and notes receivables of RMB22.6 million and decrease in inventories of RMB9.2 million.

In 2023, our net cash flows used in operating activities was RMB152.6 million, which was primarily attributed to our loss before tax of RMB180.7 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB11.8 million; and (ii) changes in working capital, which primarily comprised decrease in trade and other payables of RMB33.5 million, partially offset by decrease in trade and notes receivables of RMB32.1 million.

Net Cash Flows Generated from or Used in Investing Activities

In the six months ended June 30, 2026, our net cash flows generated from investing activities was RMB48.6 million, which was primarily attributable to withdrawal of term deposits of RMB51.0 million. This was partially offset by purchases of property, plant and equipment of RMB3.0 million. In 2025, our net cash flows generated from investing activities was RMB91.1 million, which was primarily attributable to withdrawal of term deposits of RMB81.0 million and proceeds from disposal of financial assets at FVTPL of RMB50.0 million. This was partially offset by placement of term deposits of RMB41.0 million.

In 2024, our net cash flows used in investing activities was RMB2.2 million, which was primarily attributable to placement of term deposits of RMB80.0 million and purchases of financial assets at FVTPL of RMB50.0 million, partially offset by withdrawal of term deposits of RMB127.7 million.

In 2023, our net cash flows used in investing activities was RMB96.5 million, which was primarily attributable to placement of term deposits of RMB101.0 million, partially offset by proceeds from disposal of property, plant and equipment of RMB11.9 million.

Net Cash Flows Generated from or Used in Financing Activities

In the six months ended June 30, 2026, our net cash flows generated from financing activities was RMB24.0 million which was primarily attributable to proceeds from borrowings of RMB28.0 million. In 2025, our net cash flows used in financing activities was RMB133.0 million, which was primarily attributable to payments of targeted capital reduction of RMB132.3 million. In 2024, our net cash flows used in financing activities was RMB9.2 million, which was primarily attributable to repayments of lease liabilities of RMB4.9 million. In 2023, our net cash flows used in financing activities was RMB5.2 million, which was primarily attributable to repayments of lease liabilities of RMB4.7 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Workforce employment[(1)]	216,664	176,383	150,152	81,773	87,016
Direct production costs, including materials[(2)]	96,171	49,117	97,262	29,282	165,062
Research and development costs[(3)]	9,784	6,073	4,366	1,884	2,741
Product marketing[(4)]	22,131	10,592	9,045	3,686	4,607
Non-income taxes, royalties and other governmental charges[(5)]	17,199	12,952	15,305	6,815	10,798
Total	361,949	255,117	276,130	123,439	270,225

Notes:

(1) Workforce employment represents staff costs mainly including salaries and wages.

(2) Direct production costs, including materials, represent the costs of sales (excluding non-cash items under cost of sales) adjusted by changes in working capital relating to service and production as of the previous and current year/period end.

(3) Research and development costs represent R&D expenses (excluding staff costs and non-cash items under R&D expenses) adjusted for changes in working capital relating to R&D activities as of previous and current year/period end.

(4) Product marketing represents selling and marketing expenses (excluding staff costs and non-cash items under selling and marketing expenses) adjusted for changes in working capital relating to sales and marketing activities as of previous and current year/period end.

(5) Non-income taxes, royalties and other governmental charges represents various taxes and fees paid mainly including value-added tax and urban construction tax.

INDEBTEDNESS

As of July 31, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB36.3 million, comprising lease liabilities and borrowings. As of December 31, 2023, 2024 and 2025, June 30, 2026 and July 31, 2026, our total indebtedness amounted to RMB10.0 million, RMB4.8 million, RMB3.4 million, RMB30.4 million and RMB36.3 million, respectively.

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current lease liabilities	5,366	1,250	1,153	800	4,584
Current lease liabilities	4,628	3,538	2,294	1,618	3,692
Borrowings	–	–	–	28,019	28,000
Total	**9,994**	**4,788**	**3,447**	**30,437**	**36,276**

Our total lease liabilities decreased by 52.1% from RMB10.0 million as of December 31, 2023 to RMB4.8 million as of December 31, 2024, RMB3.4 million as of December 31, 2025, and further decreased to RMB2.4 million as of June 30, 2026, primarily attributable to (i) the termination of several leases associated with office premises; and (ii) the scheduled settlement of lease liabilities under our existing lease arrangements. Our total lease liabilities increased significantly from RMB2.4 million as of June 30, 2026 to RMB8.3 million as of July 31, 2026, primarily attributable to the renewal of certain leased properties approaching expiry.

Our borrowings remained nil as of December 31, 2023, 2024 and 2025, and increased to RMB28.0 million as of June 30, 2026, primarily because we obtained bank borrowings during the period to support our inventory stocking strategy in response to the increase of hardware components prices, which continued to trend upward during the period, while maintaining prudent liquidity management and adequate inventory levels. Our borrowings remained stable at RMB28.0 million as of July 31, 2026.

Our Directors confirm that, there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. After careful consideration, our Directors confirm that, there has been no material change in our indebtedness since July 31, 2026, being our indebtedness statement date up to the Latest Practicable Date.

Except as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our R&D expenditure primarily consisted of R&D expenses adjusted by adding back intangible assets acquired from a third party and capitalized in connection with R&D software and deducting amortization expenses of capitalized intangible assets included in R&D expenditure. The table below sets forth our annual and total R&D expenditure for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Research and development expenses	110,012	87,959	77,186	38,010	41,426
Adjustments:					
Less: amortization expense of capitalized intangible assets included in research and development expenditure[(1)]	273	262	114	57	55
Annual R&D expenditure	109,739	87,697	77,072	37,953	41,371
Total R&D expenditure			274,508[(2)]		315,879

Notes:

(1) Primarily related to software procured from third parties for our R&D activities.

(2) Total R&D expenditure for the three financial years prior to the [**REDACTED**].

(3) Total R&D expenditure over the Track Record Period.

The table below sets forth our annual and total operating expenditure for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Research and development expenses	110,012	87,959	77,186	38,010	41,426
Selling and Marketing Expenses	124,107	86,526	73,645	36,170	36,852
Administrative expenses	56,185	32,140	24,937	11,041	13,468
Adjustments:					
Less: amortization expense of capitalized intangible assets included in research and development expenditure[(1)]	273	262	114	57	55
Annual total operating expenditure	290,031	206,363	175,654	85,164	91,691
Total operating expenditure			672,048[(2)]		763,739[(3)]

Notes:

(1) Primarily related to software procured from third parties for our R&D activities.

(2) Total R&D expenditure for the three financial years prior to the [**REDACTED**].

(3) Total R&D expenditure over the Track Record Period.

The table below sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Annual R&D expenditure ratio[(1)]	37.8%	42.5%	43.9%	44.6%	45.1%
Total R&D expenditure ratio . .			40.8%[(2)]		41.4%[(3)]

Notes:

(1) Calculated by dividing annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three financial years prior to the [**REDACTED**] by total operating expenditure for the three financial years prior to the [**REDACTED**].

(3) Calculated by dividing total R&D expenditure over the Track Record Period by total operating expenditure over the Track Record Period.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and June 30, 2026, we did not have any contingent liabilities.

CAPITAL COMMITMENTS

The following table sets forth the details of our capital commitments for the years/periods indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Purchase of Property, plant and equipment	–	785	125	–
Total	**–**	**785**	**125**	**–**

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditure comprised expenditures on (i) purchase of property, plant and equipment, (ii) payments for right-for-use assets, and (iii) purchase of other intangible assets. The following table sets forth the details of our capital expenditures for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Property, plant and equipment	11,859	3,545	2,534	1,525	3,020
Right-for-use assets	428	23	236	236	106
Other intangible assets	450	89	–	–	–
Total	**12,737**	**3,657**	**2,770**	**1,761**	**3,126**

Our capital expenditures in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 were RMB12.7 million, RMB3.7 million, RMB2.8 million, RMB1.8 million and RMB3.1 million, respectively. We funded our capital expenditure requirements during the Track Record Period mainly from cash generated from our daily business operations and our pre-[**REDACTED**] investments. We intend to fund our future capital expenditures and long-term investments with a combination of operating cash flow, equity and debt financing and net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may reallocate the fund to be utilized on capital expenditure 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 arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 36 of Appendix I to this Document. 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.

FINANCIAL RISK

Our major financial instruments include trade and notes receivables, deposits and other receivables, cash and cash equivalents, financial assets at FVTPL and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (that is, interest rate risk, credit risk and liquidity risk). The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. See Note 34 of the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

DIVIDENDS AND DIVIDEND POLICY

No dividends were paid or declared by our Company during the Track Record Period. Our dividend policy provides that no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any declaration of dividends shall be proposed by our

Board of Directors and shall be subject to the approval of our shareholders in general meeting in accordance with our Articles of Association and all applicable laws and regulations. We currently do not have a formal dividend policy or any fixed dividend pay-out ratio. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the long-term bank deposits and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, and (ii) payments for property, plant and equipment, intangible assets, right-for-use assets and lease liabilities. Our historical cash burn rate was RMB14.2 million, RMB4.0 million, RMB2.7 million and RMB16.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, mainly representing our investment in R&D activities. We had relatively higher cash burn rates in 2023, primarily due to relatively higher employee compensations paid in cash. We also recorded a relatively higher cash burn rate in the six months ended June 30, 2026, primarily because we increased our hardware procurement during favorable pricing windows and, where appropriate, made advance payments to suppliers to secure supply and favorable pricing. As the need for additional inventory build-up and advance payments is expected to decrease, and together with the anticipated growth in product sales in the second half of 2026, we expect our cash burn rate to decline in the second half of 2026.

We had (i) cash and cash equivalents of RMB26.2 million, (ii) committed unutilized bank facilities of RMB50.0 million, and (iii) term deposits (current and non-current) of RMB74.0 million as of July 31, 2026. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] after deducting the [**REDACTED**] and expenses payable by us in the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]. Assuming an expected average future monthly cash burn of RMB[**REDACTED**] based on the following principal assumptions: (i) hardware procurement costs and related working capital requirements remaining at a relatively elevated level; as advised by CIC, upstream hardware prices are expected to remain subject to potential upward pressure driven by industry supply-demand dynamics; (ii) cash outflows associated with the expected increase in hardware procurement costs being partially offset by cash inflows generated from the continued growth in sales of our Specialist Technology Products; and (iii) our operating expense profile remaining broadly stable following the implementation of operational optimization initiatives, we estimate that our cash and cash equivalents, term deposits, and committed unutilized bank facilities totaling RMB150.2 million as of July 31, 2026, will be able to maintain our financial viability for [**REDACTED**] months from [**REDACTED**] to [**REDACTED**]. If further taking into account [**REDACTED**]% of the estimated net [**REDACTED**] from [**REDACTED**] at an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], we estimate sufficiency of financial viability for [**REDACTED**] months, from [**REDACTED**] to [**REDACTED**]; and if taking into account [**REDACTED**] of such estimated net [**REDACTED**], we estimate sufficiency of financial viability for [**REDACTED**] months, from [**REDACTED**] to [**REDACTED**].

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

[**REDACTED**]

[**REDACTED**] consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) non [**REDACTED**]-related expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be deducted from equity upon completion of the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2026.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

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, there had been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end date of the periods reported in Appendix I to this Document, and there is no event since June 30, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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