This summary aims to give you an overview of the information contained in this document. Because this is a summary, it does not contain all the information that may be important to you. You should be read in document in its entirety, including our financial statements and the accompanying notes, before you decide to invest in the **[REDACTED]**. *There are risks associated with any investment. Some of the particular risks in investing in the* **[REDACTED]** *are set out in the "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* **[REDACTED]**. *Various expressions used in this summary are defined in "Definitions" and "Glossary of Technical Terms" in this document.*

OVERVIEW

Who We Are

We are a major enterprise specialising in the R&D, design, production and sales of high-end intelligent manufacturing equipment, comprising primarily five-axis computerized numerical control ("**CNC**") machine tools, in China. We focus on developing five-axis CNC machine tools to address the demand for advanced manufacturing in China's aviation and aerospace sector. According to the CIC Report, in 2024, we ranked first in China's aviation and aerospace five-axis CNC machine tool market with a market share of 11.6%, fifth among all suppliers and third among domestic suppliers in China's five-axis CNC machine tool market, with a market share of 4.3%. According to the same source, five-axis CNC machine tools represent a foundational industrial manufacturing equipment, with growing adoption across industries due to their superior precision, efficiency and intelligent machining capabilities. The market size of five-axis CNC machine tools is expected to increase from RMB10.8 billion in 2024 to RMB27.0 billion in 2029, with a CAGR of 20.1%. During the Track Record Period, we had expanded our market presence into the general industrial sector including automotive, energy, medical equipment, shipbuilding, machine tool equipment and die and mould manufacturing.

Our Products Portfolio and Applications

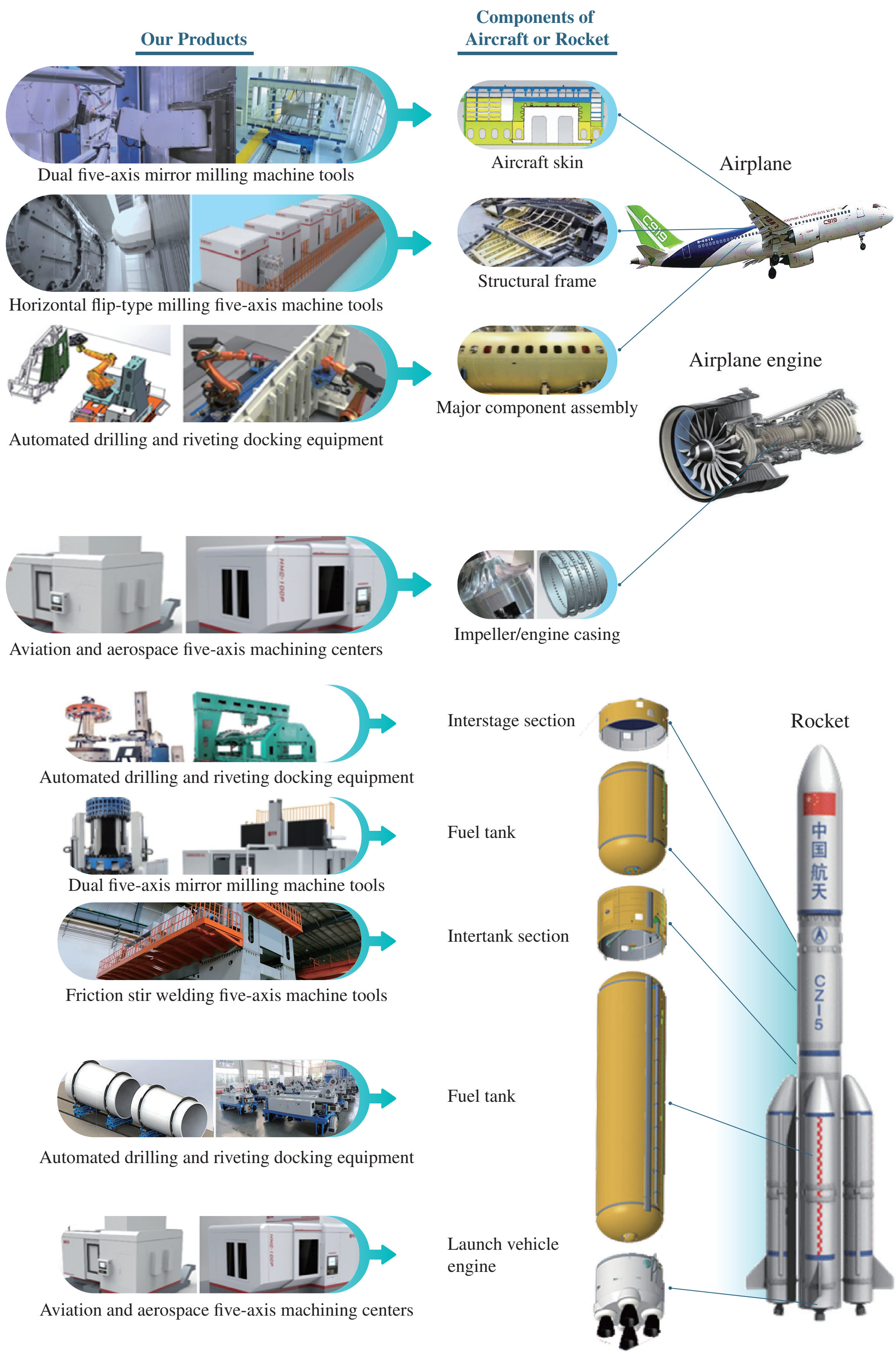
During the Track Record Period, we generated revenue from the sales of (i) aviation and aerospace intelligent manufacturing equipment, (ii) compact general industrial five-axis machine tools, (iii) large-span carbon fiber composite five-axis machine tools, as well as (iv) provision of repair and maintenance services. Our products were primarily customised and produced on an order-by-order basis. We started to enhance our offerings by introducing large-span carbon fiber composite five-axis machine tools to the market during 6M2025. Details of our product portfolio are as follows:

(i) ***Aviation and aerospace intelligent manufacturing equipment.*** Our aviation and aerospace intelligent manufacturing equipment comprise specialised CNC process equipment and five-axis CNC machine tools specifically engineered for the aviation and aerospace sector. They are particularly suited for manufacturing key aviation and aerospace components, including aircraft skins and structural frames, rocket fuel tanks and riveted cabin sections, and engine components such as turbine discs, casings, combustion chambers and pump vales. Our products deliver machining capabilities including precision milling, friction stir welding, robotic automated drilling and riveting and large-component assembly, which combined the technical advantages of having an extended working range, high spatial positioning accuracy, heavy-load and high-rigidity.

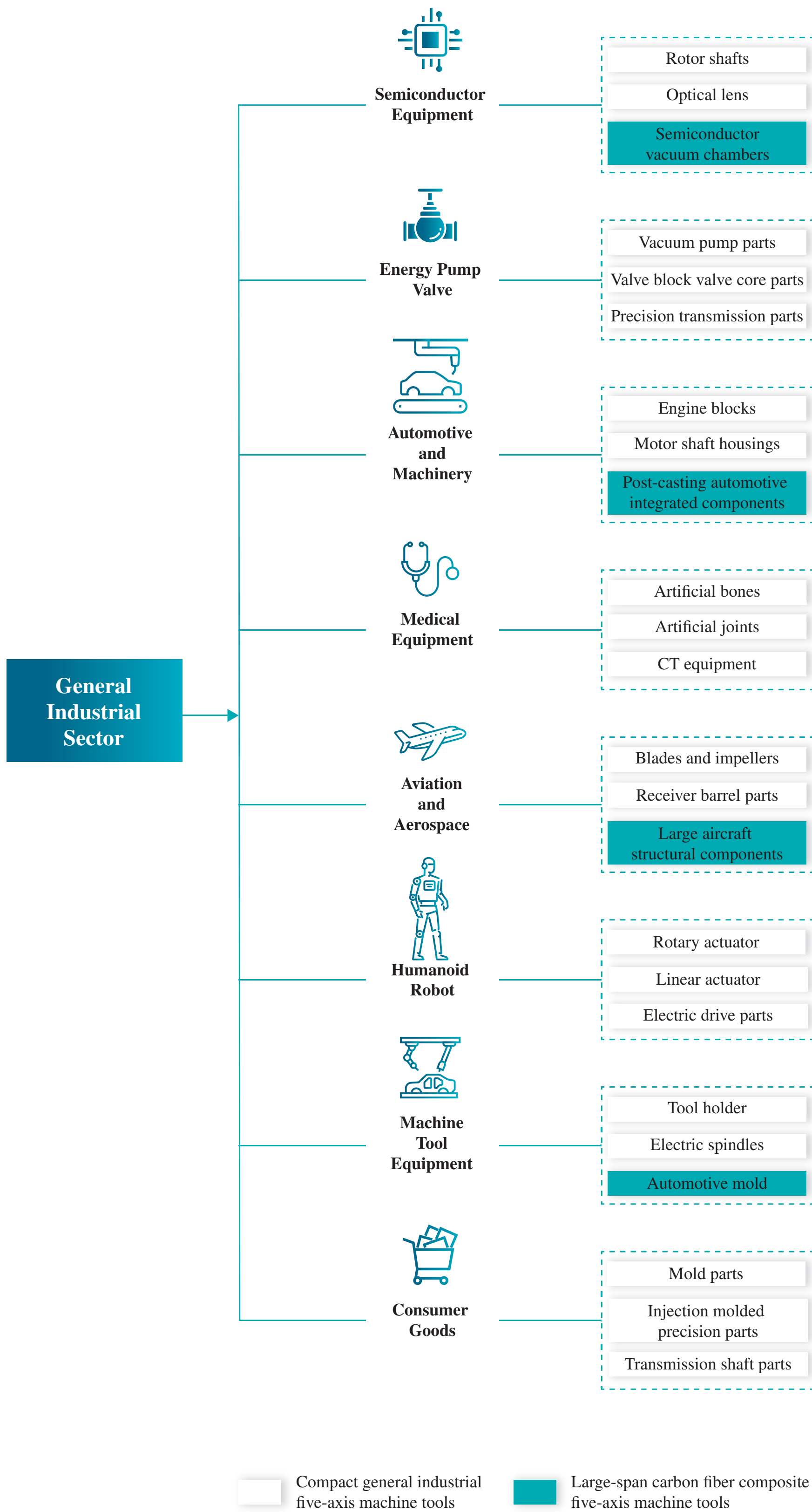
(ii) ***Compact general industrial five-axis machine tools.*** Our compact general industrial five-axis machine tools are versatile five-axis CNC machine tools under three-meter span designed for machining of small-to-medium components in the general industrial sector, which support multiple machining processes including milling, turning, drilling and boring. They are applied across various downstream industries for manufacturing battery housings and motor components for automotives, artificial bones for medical equipment, and propellers for shipbuilding etc. Our compact general industrial five-axis machine tools demonstrate high process adaptability across various materials and geometrics while featuring a user-friendly interface, thereby providing the general industrial sector with accessible channels to industrial-grade precision machining.

(iii) ***Large-span carbon fiber composite five-axis machine tools.*** Our large-span carbon fiber composite five-axis machine tools refer to advanced five-axis CNC machine tools featuring gantry structures with span ranging from three meters to a maximum of 15 meters, designed for machining of massive monolithic components in the general industrial sector. Unlike conventional metal-based machine tools, with the use of carbon fiber composites across all moving parts, our large-span carbon fiber composite five-axis machine tools exhibit the technological advantages of lightweight properties, high-dynamic performance, extended operating range, micron-level accuracy and advanced thermal and vibration control capabilities. They are applied across industries for manufacturing integrated vehicle body parts for automotives, hull structures for shipbuilding, and large structural components in energy applications etc., where demands exist for production and processing of massive and high-precision structures. We first sold five of our large-span carbon fiber composite five-axis machine tools during 6M2025. We generated revenue of RMB19.0 million from the sales of large-span carbon fiber composite five-axis machine tools during 6M2025. According to the CIC Report, we are the world's first and only manufacturer that sold the first machine tool which fully applied carbon fiber composite materials across all moving parts.

The following illustrations demonstrate our products' target applications in the aviation and aerospace sector:



The following diagram illustrates our products' target applications in the general industrial sector:



OUR CORE TECHNOLOGIES

We have built a R&D platform encompassing five core technological pillars: (i) precision mechanical design and manufacturing process technology, (ii) core component development technology, (iii) CNC system and intelligent measurement and control technology, (iv) process programming software technology and (v) AI-driven manufacturing technology. These five core technological pillars form the foundation of our R&D system which is utilised as building blocks for adaptation and application in our product portfolio. For details, see "Business – Our Products and Services" in this document.

OUR COMPETITIVE STRENGTHS

We believe the following strengths contribute to our success and differentiate us from competitors:

- We are a major enterprise in China's aviation and aerospace five-axis machine tool market, with growing presence in the general industrial market;
- Our robust product capabilities drive localization of industrial machine tools and reduces import reliance;
- Our robust in-house R&D capabilities and technological innovation drives market leadership and new market expansion;
- We have cross-industry customer recognition through diversified market penetration; and
- Our experienced management and R&D team drive operational and technological excellence

OUR STRATEGIES

To realise our vision of establishing five-axis CNC machine tools as the foundation for future smart manufacturing, we plan to implement the following strategies:

- Technological advancements through R&D;
- Expansion and optimization of production capacity to capture the growing market demand;
- Expansion of sales and marketing network; and
- Strategic acquisitions and investments to enhance core technology and product quality

RESEARCH AND DEVELOPMENT

We maintain a strong commitment to R&D as the foundation of our market competitiveness. Our R&D initiatives are organised into three core streams: (i) core technology research, (ii) modular platform development and (iii) adaptive product engineering.

We have been investing significantly on our research and development efforts. We incurred R&D expenses of RMB108.4 million, RMB89.9 million, RMB85.9 million and RMB36.5 million for FY2022, FY2023, FY2024 and 6M2025, respectively. The decrease in our R&D expenses during the Track Record Period was primarily due to the progression of our R&D projects. For details, see "Financial Information – Key Components of Our Consolidated Statements of Profit or Loss – Research and Development Expenses". During the Track Record Period, all of our R&D expenses were recognised as expenses in the year/period when such expenses were incurred.

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, our Group had over 80 registered patents and filed 40 patent applications which were pending approval, covering our core technologies. We believe that our intellectual property rights are critical to our continued success. To safeguard these intellectual property rights, we have implemented comprehensive measures including (i) establishing a set of robust internal policies to ensure effective management of our intellectual properties, (ii) timely registering, filing and applying for ownership of our intellectual properties, (iii) rewarding employees who contribute to the development of our intellectual properties, and (iv) entering into agreements with our employees which state we own all intellectual properties developed (a) during an employees' employment with us, (b) using our resources or proprietary information, (c) as part of their job duties or assigned tasks, or (d) within one year after the termination of their employment, if related to their work for us.

SALES

Over the years, we have established an extensive customer base across China, with our sales of products within China accounted for over 98% of the Group's revenue for each year/period during the Track Record Period, with the remaining revenue derived from Europe. We primarily sell our products through our dedicated sales team, while complementing this with partnerships with sales representatives as part of our plan to expand our market presence in the general industrial market and introduce our compact general industrial five-axis machine tools to the market.

During the Track Record Period, we provided products and services to 39, 47, 38 and 20 customers, respectively. Our customers mainly comprise (i) end customers including private enterprises and state-owned enterprises in the aviation and aerospace sector and the general industrial sector including automotive, energy, medical equipment, shipbuilding, machine tool equipment and die and mould manufacturing, and (ii) representatives of end users. To procure customers such as state-owned enterprises, we actively pursue tendering opportunities identified through strategic marketing initiatives including industry exhibitions and government procurement platforms. We also enter into sales contracts through direct negotiations with customers without tendering requirements.

OUR SUPPLIERS

The principal raw materials procured by us are parts and components for our production which mainly comprise control systems, structural components such as machine tool beds and machine tool accessories and mechanical components such as controllers, rotary axes and spindles. We generally purchase our raw materials from local suppliers in the PRC. For critical components such as CNC systems for our compact general industrial five-axis machine tools, we procure hardware such as servo motors and servo drives from our suppliers, while developing core software functionalities in-house. While our purchased and proprietary CNC system deliver identical machining precision and capabilities, we leverage purchased CNC system for broader model compatibility, especially when requested by our customers to use specific external CNC systems and stipulated in the terms of our contracts; and we adopt our proprietary CNC system in our compact general industrial five-axis machine tools to maximize cost-performance ratio. Our suppliers primarily consist of (i) providers of parts and components and (ii) manufacturing partners who produce parts and components based on our proprietary design. We carefully select our suppliers in order to ensure availability and quality of our raw materials by implementing stringent quality control measures. For details, see "Business – Quality Control – Quality Control in our Operation and Production Processes" in this document.

PRODUCTION

As of the Latest Practicable Date, we had three production bases in total, of which two were in operation and one has commenced construction in October 2025. The following table sets forth their details:

	Name	Aggregate gross floor area *(sq. m.)*	Main functions/current status as at the Latest Practicable Date
1.	Minhang Production Base	15,319.26	Production of (i) aviation and aerospace intelligent manufacturing equipment, (ii) compact general industrial five-axis machine tools and (iii) large-span carbon fiber composite five-axis machine tools.
2.	Jiaxing Production Base	35,842.84	Production of compact general industrial five-axis machine tools, which commenced operation in May 2025.
3.	Zhuanqiao Production Base	24,243.61 (planned)	Planned production of (i) aviation and aerospace intelligent manufacturing equipment which are of larger scale and (ii) large-span carbon fiber composite five-axis machine tools. It has commenced construction in October 2025.

The following table sets forth the utilisation rates of our Minhang Production Base during the Track Record Period:

	Designed Area of Production[1] *(sq.m.)*	**Actual Area Occupied for Production[2]** *(sq.m.)*	**Utilisation Rate[3]**
FY2022	4,916	3,853	78.4%
FY2023	4,916	4,577	93.1%
FY2024	4,916	3,901	79.4%
6M2025	4,916	2,393	48.7%

Notes:

(1) Our production operations mainly involve assembly of parts and components and depends on the availability of working space in our production base. The maximum production capacity of our Minhang Production Base refers to the designed area of production of the different production sections of our Minhang Production Base in square meters.

During the Track Record Period, we primarily sold customized products produced on an order-by-order basis. These products require variable workspace configurations, making it impossible to standardize production into units/hour metrics. The products also have significant variations in technical specifications, resulting in highly differentiated production cycles and acceptance processes for each order. Moreover, the required workspace size differs for different products and at different stages of production. As such, it is not practical or meaningful to take into account other parameters, such as the length of the production period, when calculating production capacity.

(2) Actual size and duration of occupation of production area vary according to size and production cycle of product, which in turn depends on technical complexity of product. As such, the actual area occupied for production is defined by the actual area occupied for production of a particular month with the highest utilised area for production in the relevant year/period.

(3) The utilisation rate, which are for illustration purposes only, of each year/period is calculated based on the actual area occupied for production and the designed area of production of the Minhang Production Base for the relevant year/period. The fluctuation of utilisation rate was affected by the production cycles of the various products during the Track Record Period. For instance, our utilisation rate decreased in 6M2025 since a significant amount of our projects which were not yet completed during that period of time, particularly those with contracts signed in the second half of 2024 or early 2025, were in the component procurement and preparation stage, and had not commenced the component assembly stage. For details of our production cycle, see "Business – Production – Our production workflow" in this document.

COMPETITIVE LANDSCAPE

According to CIC, China's five-axis CNC machine tool industry comprises both overseas and domestic suppliers. With the rapid development of China's five-axis CNC machine tool industry, domestic suppliers are progressively expanding their market share by leveraging their continuously improving technical capabilities, competitive product offerings, and efficient and reliable service responsiveness. In terms of revenue from five-axis CNC machine tools, the market share of domestic suppliers increased from 18.0% in 2020 to 55.0% in 2024 and is projected to exceed 75.0% by 2029. The Group ranked fifth among all suppliers and third among domestic suppliers in China's five-axis CNC machine tool industry, with a market share of 4.3%.

The aviation and aerospace sector is a significant application scenario for five-axis CNC machine tools and currently represents the largest share as of the total market size of China's five-axis CNC machine industry. In 2024, the market size of China's five-axis CNC machine tools in the aviation and aerospace sector reached RMB3.8 billion, accounting for 35.6% of the China's five-axis CNC machine tool market. In terms of revenue from five-axis CNC machine tools in the aviation and aerospace sector in 2024, the Group ranked first among all suppliers in China's five-axis CNC machine tool industry, with a market share of 11.6%.

The latest developments of multi-axis CNC machine tools primarily revolve around product innovations and technological breakthroughs which include the launch of six-axis CNC machine tools. According to the CIC Report, a few leading suppliers have launched CNC machine tools with six or more simultaneous axes, but due to high technical difficulty and limited market acceptance, they have not achieved large-scale commercialization. In terms of market acceptance, CNC machine tools with six or more simultaneous axis, although superior in processing accuracy and flexibility, are high in cost and currently used only for the processing of highly complex part such as aerospace integral disk cavities or large propeller root. In contrast, five-axis CNC machine tools possess five degrees of freedom and can achieve one-time clamping and interference-free processing of tool to workpiece on any spatial surface, which already meets the processing requirements of the vast majority of complex parts. Consequently, the market acceptance of six-axis CNC machine tools is far below that of five-axis CNC machine tools. For details, see "Industry Overview – Analysis of China's Five-axis CNC Machine Tool Industry" in this document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

	FY2022	FY2023	FY2024	6M2024	6M2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	135,769	334,630	531,556	314,838	444,701
Cost of sales	(160,554)	(218,819)	(331,677)	(188,592)	(253,799)
Gross (loss)/profit	(24,785)	115,811	199,879	126,246	190,902
Other income and gains	30,192	25,106	10,856	690	2,300
Selling and marketing expenses	(11,867)	(26,022)	(28,107)	(13,048)	(16,031)
Administrative expenses	(62,481)	(59,869)	(66,948)	(32,580)	(36,278)
Research and development expenses	(108,388)	(89,917)	(85,880)	(42,149)	(36,496)
Fair value losses on investments measured at fair value through profit or loss	(12,837)	(7,388)	(4,387)	(4,387)	–
Impairment losses on financial assets, net	(386)	(8,933)	(3,963)	(4,236)	(4,337)
Other expenses	(215)	(4,621)	(1,387)	(921)	(740)
Finance costs	(6,249)	(5,331)	(7,006)	(3,103)	(3,866)
Share of losses of associates	(289)	(1,105)	(6,171)	(1,069)	(1,300)
(Loss)/Profit before tax	(197,305)	(62,269)	6,886	25,443	94,154
Income tax expense	(9)	(71)	–	–	–
(Loss)/Profit for the year/period	(197,314)	(62,340)	6,886	25,443	94,154
(Loss)/Profit attributable to:					
Owners of the parent	(191,572)	(60,523)	8,882	26,491	95,105
Non-controlling interests	(5,742)	(1,817)	(1,996)	(1,048)	(951)
(Loss)/Earning per share attributable to ordinary equity holders of the parent					
Basic and diluted *(RMB)*	(0.57)	(0.18)	0.03	0.08	0.28

Non-IFRS Measure

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

We define adjusted net (loss)/profit (non-IFRS measure) as (loss)/profit for the year/period adjusted for share-based payments expenses and **[REDACTED]**. Share-based payments expenses are non-cash expenses arising from granting restricted share units to the Directors and our employees. **[REDACTED]** are the expenses arising from activities in relation to the proposed **[REDACTED]** and **[REDACTED]**. The following table sets out a reconciliation from adjusted net (loss)/profit (non-IFRS measure) to (loss)/profit for the year/period which is presented in accordance with the IFRS Accounting Standards.

	FY2022	FY2023	FY2024	6M2024	6M2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
(Loss)/Profit for the year/period	(197,314)	(62,340)	6,886	25,443	94,154
Add:					
Share-based payments expenses	(757)	1,291	6,489	3,245	2,410
[REDACTED]	–	–	–	–	[REDACTED]
Adjusted net (loss)/profit (non-IFRS measure)	(198,071)	(61,049)	13,375	28,688	109,373

Our Financial Performance

During the Track Record Period, we experienced strong financial growth, with revenue increasing from RMB135.8 million in FY2022 to RMB334.6 million in FY2023, and further to RMB531.6 million in FY2024, representing a CAGR of 97.9%. We recorded a revenue of RMB444.7 million in 6M2025. We have achieved growth across all our product categories, with a notably strong performance in the sales of our aviation and aerospace intelligent manufacturing equipment, which reflects our success in maintaining leadership in our core aviation and aerospace business, while capitalising on expansion opportunities in other fast-growing general industrial sectors. We recorded a gross loss of RMB24.8 million in FY2022, and a gross profit of RMB115.8 million, RMB199.9 million and RMB190.9 million in FY2023, FY2024 and 6M2025, respectively. Our gross loss of RMB24.8 million in FY2022 was primarily due to the order adjustment incident with Customer E in FY2022, in which we incurred an impairment losses on inventories of RMB36.8 million. For details, see "Financial Information – Inventories – Order adjustment by Customer E" in this document. Our gross loss margin was 18.3% in FY2022, and our gross profit margin was 34.6%, 37.6% and 42.9% in FY2023, FY2024 and 6M2025, respectively. We recorded a net loss of RMB197.3 million and RMB62.3 million in FY2022 and FY2023, respectively, primarily due to the significant amounts of cost of sales, research and development expenses and administrative expenses incurred during the Track Record Period. In FY2024 and 6M2025, we turnaround our business and recorded a net profit of RMB6.9 million and RMB94.2 million in FY2024 and 6M2025, respectively. Such turnaround was attributable to the increase in revenue from the sales of aviation and aerospace intelligent manufacturing equipment and compact general industrial five-axis machine tools, and the reduction in unit cost as a result of better economies of scale from the increase in sales volume.

Revenue

During the Track Record Period, we primarily generated revenue from (i) the sales of aviation and aerospace intelligent manufacturing equipment, and to a much lesser extent, from (ii) the sales of compact general industrial five-axis machine tools, (iii) the sales of large-span carbon fiber composite five-axis machine tools, and (iv) provision of repair and maintenance services.

In FY2022, FY2023, FY2024 and 6M2025, our revenue was RMB135.8 million, RMB334.6 million, RMB531.6 million and RMB444.7 million, respectively. The following table sets forth a breakdown of our revenue by product type for the years/periods indicated.

	FY2022		FY2023		FY2024		6M2024		6M2025	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
							(unaudited)			
Aviation and aerospace intelligent manufacturing equipment	132,434	97.5	325,089	97.2	503,434	94.7	309,314	98.2	418,225	94.0
Compact general industrial five-axis machine tools	–	–	3,476	1.0	23,839	4.5	4,335	1.4	7,185	1.6
Large-span carbon fiber composite five-axis machine tools	–	–	–	–	–	–	–	–	19,019	4.3
Repair and maintenance services	3,335	2.5	6,065	1.8	4,283	0.8	1,189	0.4	272	0.1
Total	**135,769**	**100.0**	**334,630**	**100.0**	**531,556**	**100.0**	**314,838**	**100.0**	**444,701**	**100.0**

Our revenue increased during the Track Record Period, primarily driven by the increase in revenue from the sales of aviation and aerospace intelligent manufacturing equipment, which accounted for over 90% of our revenue. Since the second half of 2023, we began to record revenue from the sales of compact general industrial five-axis machine tools. The revenue generated from sales of compact general industrial five-axis machine tools increased substantially from FY2023 to FY2024. In 6M2025, we began to record revenue from the sales of large-span carbon fiber composite five-axis machine tools.

The following table sets forth our gross profit/(loss) and gross profit/(loss) margin by product category during the Track Record Period:

	FY2022		FY2023		FY2024		6M2024		6M2025	
	Gross profit/(loss) *(RMB'000)*	Gross profit/(loss) margin *(%)*	Gross profit *(RMB'000)*	Gross profit margin *(%)*	Gross profit *(RMB'000)*	Gross profit margin *(%)*	Gross profit *(RMB'000)* (unaudited)	Gross profit margin *(%)*	Gross profit/ (loss) *(RMB'000)*	Gross profit/ (loss) margin *(%)*
Aviation and aerospace intelligent manufacturing equipment	21,108	15.9	120,799	37.2	196,767	39.1	125,924	40.7	196,812	47.1
Compact general industrial five-axis machine tools	–	–	662	19.0	6,118	25.7	1,300	30.0	1,311	18.2
Large-span carbon fiber composite five-axis machine tools	–	–	–	–	–	–	–	–	(1,864)	(9.8)
Repair and maintenance services	302	9.1	882	14.5	2,284	53.3	985	82.8	31	11.5
Subtotal	**21,410**	**15.8**	**122,343**	**36.6**	**205,169**	**38.6**	**128,209**	**40.7**	**196,290**	**44.1**
Less: impairment losses on inventories	*(46,195)*		*(6,532)*		*(5,290)*		*(1,963)*		*(5,388)*	
Total	**(24,785)**	**(18.3)**	**115,811**	**34.6**	**199,879**	**37.6**	**126,246**	**40.1**	**190,902**	**42.9**

We recorded gross loss of RMB24.8 million and gross profit of RMB115.8 million, RMB199.9 million and RMB190.9 million in FY2022, FY2023, FY2024 and 6M2025, respectively. For details of our gross profit/(loss), see "Financial Information – Year to Year Comparison of Results of Operations" in this document.

The table below sets forth a breakdown of our revenue by customer types for the periods indicated:

	FY2022		FY2023		FY2024		6M2024		6M2025	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* (unaudited)	*(%)*	*(RMB'000)*	*(%)*
Revenue from										
– Private enterprises	70,522	51.9	45,325	13.5	244,566	46.0	48,189	15.3	313,872	70.6
– State-owned enterprises	64,462	47.5	288,422	86.2	285,990	53.8	266,649	84.7	130,829	29.4
– Tertiary institutions	785	0.6	883	0.3	1,000	0.2	–	–	–	–
Total	**135,769**	**100.0**	**334,630**	**100.0**	**531,556**	**100.0**	**314,838**	**100.0**	**444,701**	**100.0**

The following table sets forth a breakdown of our revenue secured through tendering and direct negotiations for the periods indicated:

	FY2022		FY2023		FY2024		6M2024		6M2025	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* (unaudited)	*(%)*	*(RMB'000)*	*(%)*
Revenue from										
– Tendering	54,885	40.4	269,036	80.4	468,770	88.2	291,527	92.6	428,611	96.4
– Direct negotiations	80,884	59.6	65,594	19.6	62,786	11.8	23,311	7.4	16,090	3.6
Total	**135,769**	**100.0**	**334,630**	**100.0**	**531,556**	**100.0**	**314,838**	**100.0**	**444,701**	**100.0**

Project Backlog

The table below sets forth the movement in the value of backlog of our projects for the periods indicated and up to the Latest Practicable Date:

	FY2022	FY2023	FY2024	6M2025	From 6M2025 up to the Latest Practicable Date
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Opening value of backlog as at the beginning of the relevant year/period	**1,016,279**	**1,247,109**	**995,558**	**572,789**	**329,464**
Add: Newly secured contract value from new project(s)	439,300	107,547	131,106	218,005	143,102
Add: Variation orders/work instructions	(69,912)	(4,265)	(3,566)	(4,035)	–
Less: Contract value recognized*(Note)*	138,559	354,833	550,309	457,295	40,050
Ending value of backlog as at the end of the relevant year/period	**1,247,109**	**995,558**	**572,789**	**329,464**	**432,516**

Note: The contract value recognized includes the revenue recognized under all contracts in the respective year/period plus taxes and surcharges we paid in the respective year/period, minus the revenue recognized from downstream sales to the Company's associates in the respective year/period.

- The taxes and surcharges during FY2022, FY2023, FY2024, 6M2025 and from 6M2025 up to the Latest Practicable Date were RMB2.8 million, RMB0.2 million, RMB0.2 million, RMB0.2 million and nil, respectively.

- The revenue recognized from downstream sales to the Company's associates during FY2022, FY2023, FY2024, 6M2025 and from 6M2025 up to the Latest Practicable Date were nil, RMB20.0 million, RMB18.5 million, RMB12.4 million and nil, respectively.

Summary of Consolidated Statements of Financial Position

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

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	201,189	176,439	240,659	236,101
Total current assets	978,603	945,444	743,427	637,824
Total assets	1,179,792	1,121,883	984,086	873,925
Total non-current liabilities	84,006	63,096	84,099	99,387
Total current liabilities	964,010	925,267	730,931	510,563
Total liabilities	1,048,016	988,363	815,030	609,950
Net current assets	14,593	20,177	12,496	127,261
Net assets	131,776	133,520	169,056	263,975
Non-controlling interests	(2,116)	(3,933)	(5,929)	(6,880)

Our Group's net current assets increased from RMB14.6 million as at 31 December 2022 to RMB20.2 million as at 31 December 2023. The increase was primarily due to (i) increase in inventories of RMB145.1 million which was mainly because of the increase in inventories of raw material and work-in-progress to cope with the increased demand from the customers and (ii) decrease in contract liabilities of RMB71.7 million because of the increased fulfilment of our obligations under sales contracts in FY2023, which was partially offset by the decrease in cash and cash equivalents due to the cash outflow from operating activities.

Our Group's net current assets decreased from RMB20.2 million as at 31 December 2023 to RMB12.5 million as at 31 December 2024. The decrease was primarily due to (i) decrease in cash and cash equivalents of RMB14.8 million due to the acquisition of property, plant and equipment; and (ii) increase in short-term interest-bearing bank and other borrowings of RMB104.2 million which were primarily for financing our working capital and construction of our Jiaxing Production Base in FY2024, which was partially offset by the decrease in trade and bills payables of RMB81.7 million which was mainly due to decrease in trade payables to our raw material suppliers.

Our Group's net current assets increased from RMB12.5 million as at 31 December 2024 to RMB127.3 million as at 30 June 2025. The increase was primarily due to (i) decrease in contract liabilities of RMB251.5 million and (ii) increase in trade and bills receivables of RMB97.8 million due to the further increase of fulfillment of our obligations under sales contract in the relevant period in 2025 which was partially offset by the decrease in inventories of RMB183.4 million and increase in bank borrowings of RMB49.9 million.

Our total equity amounted to RMB131.8 million, RMB133.5 million, RMB169.1 million, and RMB264.0 million as of 31 December 2022, 2023, 2024, and 30 June 2025, respectively. The slight increase in total equity as of 31 December 2023 was primarily driven by a shareholder capital injection of RMB63.6 million and share-based payments of RMB1.3 million, partially offset by our loss for the year of RMB62.3 million. Total equity continued to grow as of 31 December 2024, primarily attributable to shareholders' contribution of RMB21.7 million, profit for the year of RMB6.9 million and share-based payments of RMB6.5 million. Total equity continued to increase as of 30 June 2025, primarily attributable to profit for the period of RMB94.2 million and share-based payments of RMB2.4 million.

Other than loss and profit for the year, the movement in our statement of changes in equity were mainly attributable to shareholders' capital injection and shareholders' contribution, which were made to support our Group's working capital, and were reflected in our cash and cash equivalents and in the net assets of our Group as of the balance sheet dates.

Summary of Consolidated Statements of Cash Flows

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

	FY2022	**FY2023**	**FY2024**	**6M2024**	**6M2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Net cash flows used in operating activities	(48,565)	(258,112)	(53,939)	(14,415)	(66,768)
Net cash flows from/(used in) investing activities	86,363	(14,516)	(93,781)	(88,864)	(12,534)
Net cash flows from financing activities	111,081	75,017	132,388	123,262	58,878
Cash and cash equivalents at beginning of year/period	198,509	346,823	148,386	148,386	133,538
Effect of foreign exchange rate changes, net	(565)	(826)	484	242	(1,651)
Cash and cash equivalents at end of year/period	**346,823**	**148,386**	**133,538**	**168,611**	**111,463**

During the Track Record Period, we recorded net operating cash outflows of RMB48.6 million, RMB258.1 million, RMB53.9 million and RMB66.8 million, respectively. These outflows primarily stemmed from (i) the increase in inventories, as a result of the increase in work in progress to cope with increased production demand in relation to the contracts of Customer F and Customer H in FY2023, and (ii) our operating costs and expenses paid surpassing the net cash generated from our operating activities, as we were in a phase of business expansion requiring significant investments in operational capacity. For details, see "Financial Information – Liquidity and Capital Resources – Cash Flows – Net Cash Flows Used in Operating Activities" in this document. While our net cash flows from financing activities decreased in 6M2025 as a result of our repayment of RMB82.0 million in interest-bearing bank loans at maturity, our Group recorded significant improvement in operating results with a net profit of RMB94.2 million in 6M2025, as compared to a net profit of RMB6.9 million in FY2024.

Our cash and cash equivalents decreased from RMB346.8 million as at 31 December 2022 to RMB148.4 million as at 31 December 2023, RMB133.5 million as at 31 December 2024 and RMB111.5 million as at 30 June 2025, primarily due to (i) the increase in our investment in intangible assets, property, plant and equipment, and land use rights, and (ii) the changes in our cash used in operating activities; while partially offset by (iii) proceeds we received from our equity financing as well as bank borrowings. For details, see "Financial Information – Liquidity and Capital Resources" in this document.

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

	As at or for the year ended 31 December			As at or for the six months ended 30 June
	2022	**2023**	**2024**	**2025**
Net profit/(loss) margin [1] (%)	(145.3%)	(18.6%)	1.3%	21.2%
Return on equity [2]	(149.7%)	(46.7%)	4.1%	35.7%
Return on assets [3]	(16.7%)	(5.6%)	0.7%	10.8%
Current ratio[4] (times)	1.0	1.0	1.0	1.2
Quick ratio[5] (times)	0.6	0.4	0.4	0.7
Gearing ratio[6] (%)	91.7%	98.1%	148.9%	118.3%

Notes:

(1) Net profit/(loss) margin represents profit/(loss) for the financial year/period divided by revenue for the same financial year/period.

(2) Return on equity represents profit/(loss) for the financial year/period divided by total equity as at the end of the financial year/period.

(3) Return on assets represents profit/(loss) for the financial year/period divided by total assets as at the end of the financial year/period.

(4) Current ratio represents total current assets divided by total current liabilities as at the end of the financial year/period.

(5) Quick ratio represents total current assets less inventories divided by total current liabilities as at the end of the financial year/period.

(6) Gearing ratio represents total debt, including interest-bearing bank and other borrowings and lease liabilities, divided by total equity as at the end of the financial year/period.

OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, Dr. Wang controlled approximately 38.7% of the voting power at the general meetings of our Company, comprising (1) approximately 36.8% beneficially owned by him directly and (2) approximately 1.9% beneficially owned by Tuoxian Technology, an employee share ownership platform which is controlled by Dr. Wang as its general partner. Upon the **[REDACTED]**, Dr. Wang will control approximately **[REDACTED]**% of the voting power at the general meetings of our Company, comprising (i) approximately **[REDACTED]**% beneficially owned by him directly and (ii) approximately **[REDACTED]**% beneficially owned by Tuoxian Technology, assuming the **[REDACTED]** is not exercised. Therefore, Dr. Wang and Tuoxian Technology are a group of our Controlling Shareholders as of the Latest Practicable Date and will be a group of our Controlling Shareholders upon the **[REDACTED]**. For details, see "Relationship with our Controlling Shareholders" in this document.

PRE-[REDACTED] INVESTMENTS

We have conducted several rounds of Pre-**[REDACTED]** Investments since the establishment of our Company. For details, see "History and Corporate Structure – Pre-**[REDACTED]** Investments" in this document.

Pursuant to the share subscription agreements prior to the Track Record Period and the shareholders' agreement entered into on 4 May 2022 with various pre-**[REDACTED]** investors (the "**Pre-[REDACTED] Investors**"), we granted the Pre-**[REDACTED]** Investors with special rights which included redemption rights and liquidation preferences rights. No such redemption rights or liquidation preference rights granted by us have been exercised throughout the Track Record Period. No redemption rights of the Pre-**[REDACTED]** Investors were granted by Mr. Wang Yuhan.

On 29 December 2022, we entered into termination agreements with the Pre-**[REDACTED]** Investors, agreeing that certain of the special rights, including redemption rights and liquidation preferences rights, have been irrecoverably terminated and shall be void ab initio. For details, see "History and Corporate Structure – Pre-**[REDACTED]** Investments – Special Rights of the Pre-**[REDACTED]** Investors" in this document.

Since the termination agreements were entered into on 29 December 2022, there was no financial impact on the consolidated statements of financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025. Had the special rights granted by us to the Pre-**[REDACTED]** Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the termination agreements, the finance costs associated with the redemption financial liabilities, the net profit for the year, basic and dilutive earning per share would have been:

	2022
	RMB'000
Financial costs associated with the redemption financial liabilities	36,414
Total net loss	233,728
Basic and diluted loss per share	0.68

LISTING ATTEMPT

We submitted an application for listing on the Shanghai Stock Exchange STAR Market in June 2019 and June 2020, and made tutoring filing with the CSRC in February 2019, December 2019, January 2023 and January 2024, which were subsequently withdrawn or terminated. For details, see "History and Corporate Structure – Listing Attempt" in this document.

RISK FACTORS

There are certain risks relating to our business operations. These can be categorised into (i) risks relating to our industry; (ii) risks relating to our business; (iii) risks relating to International Sanctions; (iv) risks relating to conducting business in the PRC and (v) risks relating to the **[REDACTED]**. We believe the most significant risks we face include but are not limited to the following:

- Demand for our products depends on, among other things, the trends and developments in the downstream industries, such as the aviation and aerospace, automotive, energy, medical equipment, shipbuilding, machine tool equipment and die and mould manufacturing sectors, and the condition of the global economy;

- The demand for our products depends on the trend and development of the five-axis CNC machine tools industry in China. There are uncertainties in future market demand and we cannot assure that we will continue to obtain sufficient purchase orders in the future;

- The lengthy process of delivery, installation, inspection and acceptance testing of our products may be longer than the agreed deadline pursuant to the sales contracts with our customers, and any delay thereof may affect our revenue recognition, liquidity and cash flow position, and results of our operation and may cause material fluctuation in our revenue in the future;

- Our products are subject to continuous technological change and evolution. Our R&D efforts may not yield the results as expected to maintain our market share and competitiveness in the five-axis CNC machine tools industry; and

- We relied on a concentration of major customers during the Track Record Period. If we fail to expand our customer base, or if our customers decrease their purchases, our business, results of operations, financial condition and prospects may be materially and adversely affected.

For details, see "Risk Factors" in this document.

USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]**, after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]**, of approximately HK$**[REDACTED]** million (i.e. approximately RMB**[REDACTED]** million), assuming (i) an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the midpoint of the indicative **[REDACTED]** range, and (ii) no exercise of the **[REDACTED]**. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes set forth below:

- approximately RMB**[REDACTED]** million (i.e. approximately HK$**[REDACTED]** million), representing **[REDACTED]**% of the net proceeds, will be allocated for R&D advancement;

- approximately RMB**[REDACTED]** million (i.e. approximately HK$**[REDACTED]** million), representing **[REDACTED]**% of the net proceeds, will be allocated for expansion of sales and marketing network;

- approximately RMB**[REDACTED]** million (i.e. approximately HK$**[REDACTED]** million), representing **[REDACTED]**% of the net proceeds, will be allocated for possible acquisitions and investments;

- approximately RMB**[REDACTED]** million (i.e. approximately HK$**[REDACTED]** million), representing **[REDACTED]**% of the net proceeds, will be allocated for partial repayment of interest-bearing bank borrowings of our Group; and

- approximately RMB**[REDACTED]** million (i.e. approximately HK$**[REDACTED]** million), representing **[REDACTED]**% of the net proceeds, will be allocated for working capital and general corporate purposes.

NON-COMPLIANCE MATTERS

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Business - Legal and Compliance", there were no material breaches or violations of the laws or regulations applicable to us that would have a material adverse impact on our business, results of operation and financial conditions taken as a whole.

[REDACTED] STATISTICS [1]

	Based on an [REDACTED] of HK$[REDACTED] per Share	Based on an [REDACTED] of HK$[REDACTED] per Share
	HK$'million	*HK$'million*
Market capitalization of our Domestic Shares[2]	**[REDACTED]**	**[REDACTED]**
Market capitalization of H Shares converted from Domestic Shares[3]	**[REDACTED]**	**[REDACTED]**
Market capitalization of our H Shares to be **[REDACTED]**[4]	**[REDACTED]**	**[REDACTED]**
Market capitalization of our Shares[5]	**[REDACTED]**	**[REDACTED]**
	HK$	*HK$*
[REDACTED] adjusted consolidated net tangible assets attributable to owners to the Company per Share[6]	**[REDACTED]**	**[REDACTED]**

Notes:

(1) All statistics in this table are on the assumption that the **[REDACTED]** is not exercised.

(2) The calculation of market capitalization is based on **[REDACTED]** Domestic Shares expected to be in issue immediately upon completion of the **[REDACTED]**.

(3) The calculation of market capitalization is based on **[REDACTED]** H Shares converted from Domestic Shares expected to be in issue immediately upon completion of the **[REDACTED]**.

(4) The calculation of market capitalization is based on **[REDACTED]** H Shares expected to be issued immediately upon completion of the **[REDACTED]**.

(5) The calculation of market capitalization is based on **[REDACTED]** Shares expected to be in issue immediately upon completion of the **[REDACTED]**.

(6) The **[REDACTED]** adjusted consolidated net tangible assets per share is calculated based on total **[REDACTED]** shares in issue assuming the **[REDACTED]** had been completed on 30 June 2025, [343,951,790] shares in issue as at 30 June 2025 and **[REDACTED]** H shares to be issued pursuant to the **[REDACTED]**.

[REDACTED]

The total **[REDACTED]** are estimated to be approximately HK$**[REDACTED]** million, representing **[REDACTED]**% of the total gross **[REDACTED]** from the **[REDACTED]**, based on the assumption that the **[REDACTED]** is HK$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range and that the **[REDACTED]** is not exercised. These **[REDACTED]** mainly comprise legal and other professional fees paid and payable to the professional parties, **[REDACTED]** payable to the **[REDACTED]**, and printing and other expenses for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**. For FY2022, FY2023, FY2024 and 6M2025, our **[REDACTED]** charged to our statements of profit or loss and other comprehensive income were **[REDACTED]**, **[REDACTED]**, **[REDACTED]** and RMB**[REDACTED]** million, respectively. We expect that approximately RMB**[REDACTED]** million (HK$**[REDACTED]** million) of **[REDACTED]** will be charged to our statements of profit or loss and other comprehensive income. We expect that approximately RMB**[REDACTED]** million (HK$**[REDACTED]** million) relating to **[REDACTED]** directly attributable to the issue of shares will be deducted from equity.

The following table sets forth a breakdown of the **[REDACTED]** for the **[REDACTED]** at the **[REDACTED]** of HK$**[REDACTED]** per Share (assuming the **[REDACTED]** is not exercised).

[REDACTED]	**Based on an [REDACTED] of HK$[REDACTED] per Share**
	HK$'000
Non-[REDACTED] related expenses	
Legal and audit expenses	**[REDACTED]**
Other expenses	**[REDACTED]**
[REDACTED] related expenses	**[REDACTED]**
Total	**[REDACTED]**

DIVIDEND POLICY

During the Track Record Period, no dividend has been paid or declared by our Company. In future, declaration and payment of any dividends would require the recommendation of the Board and at their discretion and any dividend will be subject to Shareholder's approval, but no dividend shall be declared in excess of the amount recommended by the Board. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors the Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future. As of the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratios.

As advised by our PRC Legal Adviser, (i) when distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company's statutory common reserve (except where such reserve has reached 50% of the Company's registered capital); (ii) if the Company's statutory common reserve is not enough to make up for its accumulated losses for the previous year, the current year's profits shall first be used for making up the accumulated losses before the statutory common reserve is set aside according to the method mentioned hereof; and (iii) after the Company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders or the general meeting, the Company may make an allocation to a discretionary common reserve from the after-tax profits.

LIQUIDITY MANAGEMENT

We are subject to liquidity risk arising from cash flow mismatch, attributable to the prolonged lead time and acceptance testing of our products. For details, see "Risk Factors – Risks Relating to our Business" in this document. The following table sets forth our cash conversion cycle during the Track Record Period:

	FY2022	**FY2023**	**FY2024**	**6M2025**
	(days)	*(days)*	*(days)*	*(days)*
Overall cash conversion cycle *(Note 1)*	693	599	432	233
– Sales to state-owned enterprises	1,131	495	468	561
– Sales to non-state-owned enterprises	357	1,002	395	96

Note:

(1) Cash conversion cycle is calculated using the inventory turnover days in each year/period plus the trade receivable turnover days in the respective year/period minus the trade payables turnover days in the respective year/period.

The length of the cash conversion cycle mainly depends on the production and delivery cycle. The cash conversion cycle is longer during the production phase and decreases during the delivery phase. The sales to non-state-owned enterprises recorded a longer cash conversion cycle in FY2023 primarily because orders from non-state-owned enterprise customers were produced and stocked in a large scale in FY2023, the revenue for which had not been recognized by the end of the period. Hence, the total cost of sales for non-state-owned enterprises in FY2023 was relatively low. The high closing inventory balance and the lower cost of sales had led to a higher inventory turnover days and, consequently, a longer overall cash conversion cycle in FY2023. In general, sales to state-owned enterprises have a longer cash conversion cycle, primarily due to longer trade receivables turnover days. For instance, sales to state-owned enterprises recorded longer trade receivables turnover days of 291 days, 108 days, 72 days and 84 days in FY2022, FY2023, FY2024 and 6M2025, respectively, as compared to 11 days, 29 days, 32 days and 27 days as recorded from the sales to non-state-owned enterprises in the same year/period. This was primarily attributable to their longer settlement audit period as the internal approval processes are generally more complicated and require multiple rounds of negotiations with multiple levels of responsible person to determine final settlement.

We have adopted centralised liquidity management to give us a better understanding of our liquidity position and enable us to utilize our capital efficiently, which in turn enables us to reduce our overall liquidity risk and achieve higher efficiency in capital utilisation. In order to manage our liquidity position in view of our working capital requirement for business operation and the possible cash flow mismatch associated with the high inventory turnover days which were substantially higher than the trade payables turnover days, we have implemented the following measures:

- our finance department is responsible for the overall monitoring of our current and expected liquidity requirements on a monthly basis to ensure that we maintain sufficient financial resources to meet our liquidity requirements;

- we have established policies and objectives for cash invested in inventories, trade receivables and other current assets as well as trade payables on an annual basis;

- our finance department monitors the ageing analysis of both trade receivables and payables at the end of each month. The ageing analysis of both trade receivables and payables will be submitted to our senior management for review and approval regularly;

- we have improved our production lead time through accumulating experience in the production of our aviation and aerospace intelligent manufacturing equipment;

- we have launched our compact general industrial five-axis machine tools which had introduced (i) a more efficient production cycle, with a production lead time of 1.5 months to three months as compared to the extended cycles required for our aviation and aerospace intelligent manufacturing equipment and (ii) a shortened acceptance process due to its reduced technical complexity;

- we have implemented enhanced procurement and inventory management practices. By phasing purchase orders according to material lead times and matching component deliveries with assembly schedules, we achieved reductions in inventory holding periods while maintaining production efficiency; and

- we have introduced different milestone-based payment schedules with improved payment terms along with our (i) expansion to private-sector customers and (ii) launch of compact general industrial five-axis machine tools. For details, see "Financial Information – Description of Selected Items of the Consolidated Statements of Financial Position – Inventories – Cashflow cycle during the acceptance process" in this document.

For details of the Group's measures to mitigate the risks associated with the cashflow cycle, see "Financial Information – Description of Selected Items of the Consolidated Statements of Financial Position – Inventories – Solutions to mitigate the risks associated with the cashflow cycle" in this document. For details of the Group's measures to optimize the cash conversion cycle, see "Financial Information – Liquidity and Capital Resources – Cash Conversion Cycle" in this document.

IMPACT OF THE COVID-19 PANDEMIC

Since late 2019, the outbreak of COVID-19 has materially and adversely affected the global economy. In view of the outbreak of COVID-19, we temporarily suspended our Minhang Production Base in FY2022 on a few occasions. COVID-19 had also hindered the timely on-site acceptance of our products and prolonged the payment cycle. For instance, we had delayed the final acceptance testing of our products with several customers in FY2022 due to the social distancing, lock-down and travel restrictions in regions such as Xi'an, Chengdu, Shenyang etc.

Since June 2022, our operation has fully resumed to normal after the impact from the COVID-19 pandemic had eased. Given that our operation has resumed to normal and we were able to maintain the stability of our revenue and gross profit margin under the impact of COVID-19 pandemic, (i) our Directors are of the view that the COVID-19 pandemic did not materially and adversely impacted the operations or financial conditions of our Group during the Track Record Period; and (ii) our Directors do not expect that the COVID-19 pandemic will have further adverse impact on our Group's business and financial performance.

IMPACT OF TRADE TENSIONS BETWEEN THE U.S. AND CHINA

During the Track Record Period, we did not sell any products to the U.S. market, and our procurement from the U.S. was insignificant. We also recorded a net profit of RMB94.2 million for 6M2025, as compared to a net profit of RMB25.4 million for 6M2024. Hence, (i) our Directors are of the view that the recent trade tensions between the U.S. and China did not materially and adversely impact the operations or financial conditions of our Group during the Track Record Period; and (ii) our Directors do not expect that the trade tensions will have further adverse impact on our Group's business and financial performance.

IMPACT OF OUTBOUND INVESTMENT RULE

Under the Outbound Investment Rule, U.S. persons are prohibited from making, or required to notify for, investments in Covered Foreign Persons through certain acquisitions of equity interests, debt financing, joint ventures, and investments as a limited partner in a non-U.S. person pooled investment fund, which are defined as "Covered Transactions". As advised by the International Sanctions Legal Adviser, we are not a Covered Foreign Person under the Outbound Investment Rule, because we do not engage in a "covered activity" or otherwise meet the definition of Covered Foreign Persons provided in the Outbound Investment Rule. For details, see "Regulatory Overview – U.S. Outbound Investment Rules" in this document.

RECENT DEVELOPMENT

Our revenue increased by 41.2% from RMB314.8 million in 6M2024 to RMB444.7 million in 6M2025. However, the Group's revenue recognition depends on the timing of product delivery and customers' final acceptance. These factors vary on a case-by-case basis depending on the product type, procurement cycle of the customers and project execution, and hence revenue may not be evenly distributed throughout the year. The majority of our revenue for FY2025 was recognized in 6M2025, and therefore our revenue in the second half of 2025 is expected to be lower than that of the first half. Furthermore, the Group continues to incur R&D expenses and, to a lesser extent, administrative expenses. Consequently, a net loss is expected for the six months ending 31 December 2025. As this anticipated loss will offset profits from the first half, the Group expects the net profit for FY2025 to be significantly lower than that for 6M2025. Nevertheless, the Directors are endeavoured to seek new business opportunities to further enhance the financial performance of the Group. In September 2025, the Group was awarded two projects following a tender process with Customer I, with an aggregate value of RMB218.0 million. In October 2025, the Group was also awarded a project following a tender process with a subsidiary of Customer B, with an aggregate value of RMB3.4 million. The contracts for these awarded projects are expected to be executed within FY2025. This demonstrates our sustained ability to maintain customer traction and continue securing orders. Our Directors confirmed that, up to the date of this document, there had been no material adverse change in the operational performance, financial or trading positions or prospects of our Group since 30 June 2025 (being the date of which our Group's latest audited financial statements were made up as set out in the Accountant's Report in Appendix I) and there had been no event since 30 June 2025 which would materially affect the information shown in "Financial Information" and the Accountant's Report in Appendix I to this document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the **[REDACTED]** of, and permission to deal in, our H Shares to be issued pursuant to the **[REDACTED]** (including any additional H Shares which may be issued pursuant to the exercise of the **[REDACTED]** and the H Shares to be converted from Domestic Shares), on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB531.6 million generated in FY2024, and (ii) our expected market capitalization at the time of **[REDACTED]**, which, based on the low end of the **[REDACTED]** range, exceeding HK$4 billion.