You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2023, 2024 and 2025 included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all the information provided in this document, including the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a leading supplier of millimeter-wave radar, a core component for smart driving that is rapidly emerging in the changing automotive industry in China, according to CIC. In 2024, we were the largest domestic supplier of China's automotive front millimeter-wave radar market in terms of shipment volume, and the third largest supplier of China's automotive millimeter-wave radar in market terms of shipment volume, according to CIC, with market shares of 9.3% and 4.5%, respectively.

We have been involved in the design, research and development, manufacturing and commercialization of millimeter-wave radar products. We possess self-development capabilities, along with hardware and software technologies tailored specifically for millimeter-wave radar applications. As of the Latest Practicable Date, we had engaged over 20 customers in the automotive industry including multiple leading OEMs based in China. Additionally, we have entered into negotiations with several leading European automobile brands.

Our revenue achieved rapid growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB156.5 million, RMB348.1 million and RMB1,122.5 million, respectively, representing a CAGR of 167.8% from 2023 to 2025.

We recorded net losses of RMB96.6 million, RMB21.8 million and RMB5.8 million in 2023, 2024 and 2025, primarily due to the significant amount of changes in carrying amounts of redemption liabilities arising from the redemption rights granted to our investors in certain rounds of financing in previous years and our operating expenses, including our R&D expenses, general and administrative expenses and selling expenses, incurred during the Track Record Period. We recorded increasing changes in carrying amounts of redemption liabilities from 2023 to 2024, primarily as we granted redemption rights to certain Pre-**[REDACTED]** investors. In April 2025, the redemption rights granted to our investors were terminated and all the redemption liabilities were converted from liabilities into equity upon such termination. In addition, the net loss in 2025 was also attributable to share-based payments of RMB9.8 million and **[REDACTED]** expenses of RMB**[REDACTED]** million incurred during the year.

Going forward, we aim to maintain business sustainability and achieve profitability through (i) investing in technology and product development to offer new generations of radar products; (ii) expanding our customer base; and (iii) enhancing our operational efficiency and attaining economies of scale.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations and financial conditions are mainly affected by the following factors:

Our Ability to Maintain Business Relationship with Automative OEMs and Expand our Customer Base

Substantially all of our revenue was generated from selling our millimeter wave radar products to leading OEMs in China. During the Track Record Period, we generated a majority of our revenue from Customer A. Our revenue generated from Customer A was RMB142.9 million, RMB325.8 million and RMB1,082.2 million in 2023, 2024 and 2025, respectively, accounting for 91.3%, 93.6% and 96.4% of our total revenue in the same years, respectively. As a result, our continuous success depends upon our ability to maintain good relationship with our existing customers. Any deterioration in our business relationship with Customer A could materially and adversely affect our business, financial condition, results of operations and prospects.

Driven by the rapid development of the smart driving industry, the automotive millimeter-wave radar sector has entered a period of accelerated growth. The market size of global automotive millimeter-wave radar increased from RMB15.6 billion in 2020 to RMB24.8 billion in 2024, representing a CAGR of 12.3%. The market is expected to grow at a CAGR of 15.1% and reach RMB50.1 billion by 2029. Our future growth, therefore, depends on our ability to maintain strong relationships with existing customers and attract new customers to capture this market opportunities.

With an aim to expanding our customer base and deepening business relationships with our existing customers, we plan to pursue marketing initiatives in a prudent and effective manner. Our selling expenses, primarily consisting of staff costs and business development expenses, amounted to RMB14.3 million, RMB13.7 million and RMB16.9 million in 2023, 2024 and 2025, respectively, representing 9.2%, 3.9% and 1.5% of our total revenue, respectively.

We have taken various measures to manage our selling expenses during the Track Record Period, including streamlining our personnel structure and optimizing our operational efficiencies. Going forward, we will continue to improve the efficacy of our overall selling and marketing spending. We believe that we are strategically well-positioned in our market and compete favorably with others based on our advanced millimeter-wave radar technology that delivers high performance and quality, our broad range of products, and our strong R&D capabilities.

Our Ability to Innovate Our Technology or Develop New Products

Our future growth depends on penetrating new markets, adapting existing products and solutions to new applications and customer requirements, and introducing new products that achieve market acceptance in this rapidly evolving business environment. To accomplish these goals, we had incurred, and plan to further incur, substantial R&D expenditure as part of our continuous efforts to design, develop, manufacture and commercialize new products and enhance existing products and solutions. Our research and development expenses were RMB64.4 million, RMB61.9 million and RMB60.8 million in 2023, 2024 and 2025, respectively. Our significant and sustained commitment in research and development has allowed us to establish full-chain technological advantages across RF antenna design, signal processing algorithm development, and to accumulate 88 patents as of the Latest Practicable Date. We expect a continued grow in our research and development expenses in the future.

Our Ability to Control Cost of Sales and Operating Expenses

Our competitiveness and long-term profitability are dependent upon our ability to control our cost of sales and operating expenses.

In 2023, 2024 and 2025, we incurred cost of sales of RMB108.0 million, RMB229.6 million and RMB952.8 million, respectively. Accordingly, our sustainable growth depends on our ability to achieve economies of scale, enabling us to further reduce costs and enhance profitability as production volumes increase. As our production and sales volumes continue to increase, we expect our costs of sales, which primarily consisted of costs of raw materials and components, increased in a controlled manner through bulk purchasing of materials and optimized production processes. We expect to benefit from improved economies of scale, which is expected to reduce our costs of sales as a percentage of total revenue and improve our gross profit margin going forward.

Our future profitability also depends on our ability to manage our operating expenses. Apart from having better control of our selling expenses as discussed above and incur our research and development expenses in the prudent and effective manner, we had achieved, and aim to continuously improve, efficiency in our corporate management. Our general and administrative expenses accounted for 27.8%, 8.1% and 6.7% of our total revenue in 2023, 2024 and 2025, respectively. With our prudent cost control measures, we expect to continue optimizing our operating efficiency going forward.

BASIS OF PRESENTATION

Our Company was established in the PRC as a limited liability company on September 21, 2016. Our historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**"). We have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2026. The historical financial information also complies with the applicable disclosure provisions of the Listing Rules.

The historical financial information has been prepared under the historical cost basis, except that the financial assets measured at fair value through profit or loss ("**FVPL**") are stated at their fair values. See Note 2 to the Accountants' Report in Appendix I to this document for details.

As of December 31, 2025, we had net current assets amounting to RMB11.9 million and net assets of RMB193.6 million, primarily due to the termination of redemption liabilities of RMB503.7 million. See Note 23 to the Accountants' Report in Appendix I to this document for details. In April 2025, the redemption rights granted to our investors were terminated. This led to the reclassification of redemption liabilities to equity, which significantly improved our financial position as the Latest Practicable Date. Based on the projection of the Group's profit and cash inflows from operations and the unused banking loan facilities as at December 31, 2025, our Directors are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 2 and 3 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

We recognize revenue when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

We recognize revenue from sale of millimeter wave radar products when our customer takes possession of and accepts the products.

Redemption Liabilities

A contract that contains an obligation for us to purchase our own equity instruments for cash or another financial asset gives rise to a financial liability even if our obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortized cost. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

Inventories

Inventories are measured at the lower of cost and net realizable value. We calculate the cost of inventories using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected consolidated statements of profit or loss and other comprehensive income items for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Revenue	**156,524**	**348,094**	**1,122,495**
Cost of sales	(108,036)	(229,623)	(952,800)
Gross profit	**48,488**	**118,471**	**169,695**
Other net income	1,493	785	708
Reversal/(provision) of loss allowance on trade receivables and other receivables	138	(295)	(5,535)
Selling expenses	(14,339)	(13,681)	(16,931)
General and administrative expenses	(43,443)	(28,323)	(74,927)
Research and development expenses	(64,360)	(61,885)	(60,842)
(Loss)/profit from operations	**(72,023)**	**15,072**	**12,168**
Changes in carrying amounts of redemption liabilities	(23,237)	(35,721)	(11,945)
Finance costs	(1,468)	(1,150)	(6,152)
Finance income	130	31	107
Net finance costs	(1,338)	(1,119)	(6,045)
Loss before taxation	**(96,598)**	**(21,768)**	**(5,822)**
Income tax	–	–	–
Loss and total comprehensive income for the year	**(96,598)**	**(21,768)**	**(5,822)**

Non-IFRS Measures

To supplement our consolidated statements of profit or loss and other comprehensive income presented in accordance with IFRS Accounting Standards, we also use adjusted net (loss)/profit (a non-IFRS measure) as on additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that the presentation of such non-IFRS measure facilitates comparisons of the operating performance from period to period and company to company by eliminating potential impacts of certain items detailed below. We believe that the presentation of such non-IFRS measure, when shown in conjunction with the corresponding IFRS measures, provides useful information to potential **[REDACTED]** and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain items.

However, the use of non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

We define adjusted net (loss)/profit (a non-IFRS measure), as loss for the year adjusted by adding back (i) share-based payment, which is non-cash expense arising from the indirect acquisition of equity interest by a Director from another shareholder. The amount of the share-based payment represented the difference between the fair value of acquired equity interests and the consideration paid by the Director. See Note 24 to the Accountants' Report in Appendix I for details; (ii) the changes in carrying amounts of redemption liabilities, reflecting non-cash expenses arising from the redemption rights granted to our pre-**[REDACTED]** investors; and (iii) **[REDACTED]** expenses, which are expenses relating to the **[REDACTED]**. In April 2025, the special rights, including the redemption rights, granted to our investors were terminated pursuant to the supplemental agreements entered into between us and our investors. Accordingly, the redemption liabilities had been converted into equity. The following tables reconcile our adjusted net (loss)/profit (a non-IFRS measure) for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Loss for the year	(96,598)	(21,768)	(5,822)
Add back:			
Share-based payments	10,403	–	9,808
Changes in carrying amounts of redemption liabilities	23,237	35,721	11,945
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net (loss)/profit (a non-IFRS measure)	(62,958)	13,953	31,133

Our adjusted net loss (a non-IFRS measure) of RMB63.0 million in 2023 was turned to an adjusted net profit (a non-IFRS measure) of RMB14.0 million in 2024, further increased to an adjusted net profit (a non-IFRS measure) of RMB31.1 million, primarily attributable to the termination of special rights.

Revenue

During the Track Record Period, we generated revenue primarily from sales of our millimeter-wave radar products to OEMs; and, to a lesser extent, (ii) other products and services, including the sales of other radar products, modules and provision of research and development services and consultancy services in relation to radar products. During the Track Record Period, our revenue was principally affected by the total sales volume of our millimeter-wave radar products, which was influenced primarily by our customers' demand, driven by evolving trends in new energy vehicles (NEVs) and smart driving. We generated all of our revenue from the PRC during the Track Record Period.

During the Track Record Period, we derived a significant portion of our revenue from sales of our front and corner millimeter-wave radar products to Customer A, which had been deployed across certain vehicle models. Our revenue from Customer A was RMB142.9 million, RMB325.8 million and RMB1,082.2 million, accounted for 91.3%, 93.6% and 96.4% of our total revenue in 2023, 2024 and 2025, respectively.

The following table sets forth our revenue by business line for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Sales of millimeter-wave radar products						
Front millimeter-wave radars	104,213	66.6	222,530	63.9	251,044	22.3
Corner millimeter-wave radars	49,926	31.9	123,040	35.3	870,688	77.6
Subtotal	154,139	98.5	345,570	99.3	1,121,732	99.9
Other products and services	2,385	1.5	2,524	0.7	763	0.1
Total	**156,524**	**100.0**	**348,094**	**100.0**	**1,122,495**	**100.0**

Sales of Millimeter-Wave Radar Products

During the Track Record Period, we principally generated revenue from our millimeter-wave radars, categorizing into (i) front radars; and (ii) corner radars. See "Business – Our Products" for details.

In 2023, 2024 and 2025, our revenue from sales of our millimeter-wave radar products experienced robust growth and amounted to RMB154.1 million, RMB345.6 million and RMB 1,121.7 million, respectively, accounting for 98.5%, 99.3% and 99.9% of our total revenue for the respective years, representing a CAGR of 169.8% from 2023 to 2025. This significant growth was primarily driven by volume ramp-up in our radar product lines, particularly to Customer A, and increasing traction from other major OEMs.

For our millimeter-wave radar products, we achieved a sales volume increase of approximately 148.8% from 753,795 units in 2023 to 1,875,146 units in 2024, and a remarkable increase of approximately 441.7% to 10,156,990 units in 2025. This growth was primarily attributable to our ability to capture market opportunities by strengthening relationships with existing customers, expanding our market share, and benefiting from the continued trust of our customers in the quality of our products, which translated into increased purchase orders.

The ASP of our millimeter-wave radar products has been decreasing from RMB204 in 2023 to RMB111 in 2025, which is consistent with the general market trend, according to CIC, the market price of our major raw materials, such as ICs, PCBs, automotive MCUs, has been on a decreasing trend from 2023 to 2025, and is expected to show a steady decline while remaining generally stable from 2026 onwards. Mature automotive radars generally experience gradual price decline, reflecting scale effects and improvements in design and manufacturing processes, while next-generation models often enjoy a temporary premium at launch. This dynamic helps stabilize overall industry pricing, which is expected to remain broadly stable with only modest movements in the coming years, according to CIC. Accordingly, the market price of millimeter-wave radars is expected to show a similar trend as the major raw materials. Therefore, we anticipate the ASP of our products will remain at a relatively stable level as the market prices become stabilized.

In addition, the decrease of ASP of our products during the Track Record Period was primarily due to adjustments in our pricing policies to secure more market share in the rapidly growing market as well as our plan to penetrate into mid- to low-end vehicle model markets. In line with the overall cost reduction trend in the automotive industry, we have strategically adopted a more competitive adjustment in pricing of products to improve sales volume and seize opportunities to increase our market share under competitive market conditions, to ensure that the unit price of our millimeter-wave radar products, as well as the total system procurement cost, remain within an acceptable range for OEM customers targeting such vehicle segments. This strategic initiative aims to facilitate broader adoption of advanced smart driving functions across a wider range of vehicle models.

The following table sets out our sales volume and average selling price ("**ASP**") of our millimeter-wave radar products for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	Sales volume	**ASP**	**Sales volume**	**ASP**	**Sales volume**	**ASP**
	Units	*RMB/ Unit*	*Units*	*RMB/ Unit*	*Units*	*RMB/ Unit*
Front millimeter-wave radars	420,791	248	999,470	223	2,125,449	118
Corner millimeter-wave radars	333,004	150	875,676	141	8,031,541	108
Total/Overall	753,795	204	1,875,146	184	10,156,990	111

Others Products and Services

During the Track Record Period, we derived revenue from sales of other products including in-cabin radars and other radar products used in non-automotive applications, as well as from provision of services, including research and development services and consultancy services.

In 2023, 2024 and 2025, revenue from sales of other products and provision of services amounted to RMB2.4 million, RMB2.5 million and RMB0.8 million, respectively, accounting for 1.5%, 0.7% and 0.1% of our total revenue in the respective years.

Cost of Sales

Our cost of sales primarily consists of (i) raw materials and components, including ICs, PCBs, and structural components; (ii) depreciation and amortization of our production facilities; (iii) direct labor costs, representing salaries, bonuses, social insurance and welfare for our production personnel; (iv) processing fees, representing fees for outsourced processing services; and (v) other costs, including rental expenses, consumables and other production costs. The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Raw materials and components	92,553	85.7	211,320	92.0	874,584	91.8
– *SOCs*	41,550	38.5	106,619	46.4	463,828	48.7
– *ICs*	14,680	13.6	26,943	11.7	92,013	9.7
– *Electronic Components*	14,608	13.5	30,868	13.4	131,529	13.8
– *PCBs*	11,879	11.0	25,639	11.2	104,604	11.0
– *Structural Components*	9,375	8.7	20,141	8.8	76,697	8.0
– *Packaging Components*	461	0.4	1,109	0.5	5,913	0.6
Direct Labour Costs	4,329	4.0	5,988	2.6	24,984	2.6
Depreciation and amortization	5,429	5.0	6,397	2.8	22,018	2.3
Processing fees	3,775	3.5	2,920	1.3	4,415	0.5
Others	1,950	1.8	2,998	1.3	26,799	2.8
Total	**108,036**	**100.0**	**229,623**	**100.0**	**952,800**	**100.0**

To better understand the potential financial impact of fluctuations in prices of raw materials and components, we conducted a sensitivity analysis of such on our net loss, which considered historical price changes in key raw materials and components. Based on this analysis, an 1% increase in prices of raw materials and components could lead to gross profit margin fluctuation of 2.2%, 0.3% and 0.8% in 2023, 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit amounted to RMB48.5 million, RMB118.5 million and RMB169.7 million, respectively. In 2023, 2024 and 2025, our gross profit margin was 31.0%, 34.0% and 15.1%, respectively. During the Track Record Period, our overall gross profit continued to increase due to an increase in our sales scale.

The gross profit margin from sales of millimeter-wave radars increased from 31.1% in 2023 to 34.0% in 2024, as the decrease in the unit cost of our millimeter-wave radars outpaced the decrease in ASP. The gross profit margin from sales of millimeter-wave radars decreased from 34.0% in 2024 to 15.1% in 2025, primarily due to a shift in product mix from front millimeter-wave radar products to corner millimeter-wave radar products, which carry different pricing and margin profiles, as well as strategic pricing adjustments implemented to facilitate the installation of our full millimeter-wave radar products in smart driving vehicles, particularly mid- to lower-end models. Under this strategy, the decline in ASP temporarily exceeded the pace of cost reductions. In addition, gross profit margin in the first quarter of 2025 was affected by transitional factors, including inventory build-up, depreciation following capitalization of fixed assets, and production ramp-up. ASP of our millimeter-wave radars declined from RMB204 per unit in 2023, to RMB184 per unit in 2024 and further to RMB111 per unit in 2025, which was primarily due to the scale-up and maturity of the industry, our strategic push to penetrate the market supported by the achievement of economies of scale, and adjustments in our pricing policies aimed at securing greater market share in the rapidly growing market, as well as our strategic plan to penetrate into mid- to low-end vehicle model markets. In response to our customers' strategies in 2025, we accelerated the penetration of millimeter-wave radar products for smart driving vehicles into mid- to low-end models. This required us to adopt a more competitive pricing strategy to ensure that the overall procurement cost remained within the acceptable range for OEMs in such vehicle segments. Accordingly, we strategically adjusted our product pricing to drive sales volume and capture additional market share under competitive market conditions.

The following table sets forth our gross profit and gross profit margin by business line for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of millimeter-wave radar products						
Front millimeter-wave radar products	41,989	40.3	95,824	43.1	30,277	12.1
Corner millimeter-wave radar products	5,926	11.9	21,587	17.5	139,202	16.0
Subtotal/overall	47,915	31.1	117,411	34.0	169,479	15.1
Other products and services	573	24.0	1,061	42.0	216	28.3
Total/Overall	**48,488**	**31.0**	**118,471**	**34.0**	**169,695**	**15.1**

Other Net Income

Our other net income primarily consisted of (i) government grants, primarily representing unconditional cash awards granted by the government authorities in the PRC; and (ii) net fair value gains from financial assets measured at FVPL, representing our gains from investments in wealth management products issued by financial institutions in the PRC. See "– Consolidated Statements of Financial Position – Financial Assets at Fair Vale through Profit or Loss ("**FVPL**"). The following table sets forth the breakdown of our other net income by nature for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Government grants	1,283	1,214	2,439
Net fair value gains from financial assets measured at FVPL	575	301	5
Net gain/(loss) on disposal of property, plant and equipment	11	(61)	(1,501)
Others[1]	(376)	(669)	(235)
Total	**1,493**	**785**	**708**

Note:

(1) Mainly representing primarily loss from disposal of materials and assets.

Selling Expenses

Our selling expenses primarily consisted of (i) staff costs, including salaries, bonuses, social insurance and welfare for our sales personnel; (ii) business development expenses; (iii) property fees, including rental expenses and property management fees for our sales department; and (iv) advertising expenses. The following table sets forth the breakdown of our selling expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Staff costs	6,817	47.5	7,629	55.8	8,996	53.1
Business development expenses	4,636	32.3	3,841	28.1	3,025	17.9
Property fees	147	1.0	68	0.5	250	1.5
Advertising expenses	250	1.7	485	3.5	864	5.1
Others[1]	2,488	17.5	1,658	12.1	3,796	22.4
Total	**14,339**	**100.0**	**13,681**	**100.0**	**16,931**	**100.0**

Note:

(1) Mainly representing repair and maintenance, depreciation, transportation expenses, office expenses, traveling expenses and other miscellaneous selling expenses. In 2025, we incurred consulting fees of approximately RMB2.0 million.

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) staff costs, including salaries, bonuses, social insurance and welfare for our administrative personnel; (ii) professional service fees, mainly including audit fees, legal services fees, tax service fees, and financing service fees; (iii) property fees, including rental expenses and property management fees for our corporate headquarters; (iv) business entertainment expenses; (v) depreciation; (vi) traveling expenses and (vii) share-based payments. The following table sets forth the breakdown of our general and administrative expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Staff costs	19,089	43.9	15,774	55.7	31,600	42.2
Professional service fees	4,115	9.5	4,081	14.4	4,620	6.2
Property fees	2,025	4.7	1,373	4.8	2,018	2.7
Business entertainment expenses	938	2.2	1,801	6.4	1,380	1.8
Depreciation	1,905	4.4	1,667	5.9	2,990	4.0
Traveling expenses	1,321	3.0	568	2.0	1,511	2.0
Share-based payments	10,403	23.9	–	–	9,808	13.1
Others[1]	3,648	8.4	3,059	10.8	21,000	28.0
Total	**43,443**	**100.0**	**28,323**	**100.0**	**74,927**	**100.0**

Note:

(1) Mainly representing office expenses, repair and maintenance expenses, training expenses and other miscellaneous administrative expenses. In 2025, we incurred a **[REDACTED]** expense of approximately RMB**[REDACTED]** million, accounting for 20.3% of our total general and administration expenses for the same year.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) staff costs arising from our R&D personnel; (ii) raw materials and components consumed in our R&D activities; (iii) traveling expenses incurred by our R&D personnel; and (iv) testing fees. The following table sets forth the breakdown of our research and development expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Staff costs	48,365	75.1	46,472	75.1	48,790	80.2
Raw materials and components	1,971	3.1	4,113	6.6	1,395	2.3
Traveling expenses	4,714	7.3	2,317	3.7	1,909	3.1
Testing fees	3,016	4.7	2,116	3.4	2,452	4.0
Others[(1)]	6,294	9.8	6,867	11.1	6,296	10.3
Total	**64,360**	**100.0**	**61,885**	**100.0**	**60,842**	**100.0**

Note:

(1) Mainly representing outsourced development costs, property expenses, depreciation and other miscellaneous R&D expenses. We outsourced basic, repetitive simple tasks to third-party service providers, including tool chain development and road data testing, for the purpose of cost reduction. The service fee was determined based on the testing unit volume. During the Track Record Period, we incurred approximately RMB5.3 million in aggregate for outsourced development costs.

Changes in Carrying Amounts of Redemption Liabilities

Our changes in carrying amounts of redemption liabilities represented our interest on redemption liabilities from the amortization. See "– Indebtedness – Redemption Liabilities" and Note 23 to the Accountants' Report included in Appendix I to this document for details.

In 2023, 2024 and 2025, we had changes in carrying amounts of redemption liabilities of RMB23.2 million, RMB35.7 million and RMB11.9 million, respectively.

Net Finance Costs

Our finance income represented our interest income from bank deposits. Our finance costs consisted of (i) interest on bank loans; and (ii) interest on lease liabilities. The following table sets forth a breakdown of our net finance costs for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from bank deposits	130	31	107
Finance costs:			
Interest on bank loans	1,217	883	5,453
Interest on lease liabilities	251	267	699
Subtotal	1,468	1,150	6,152
Net finance costs	**1,338**	**1,119**	**6,045**

Income Tax

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. During the Track Record Period, we are subject to income tax in the following jurisdictions:

PRC

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the respective regulations (the "**EIT Law**"), our Company and subsidiaries, which are established and operated in the PRC, are liable to EIT at a rate of 25% unless otherwise specified. In accordance with the EIT Law and its relevant regulations, we were entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period. In accordance with the EIT Law and its relevant regulations, our Company was entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period.

In 2023, 2024 and 2025, we did not incur any income tax as there had been no assessable profits.

As of the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no material disputes or unresolved tax issues with relevant tax authorities.

Loss For the Year

Our loss for the year was narrowed from RMB21.8 million in 2024 to RMB5.8 million in 2025, primarily attributable to (i) an increase in the revenue and gross profit, driven by the sales growth of our millimeter-wave radar products, (ii) an increase in general and administrative expenses, primarily due to (x) an increase in salaries and bonus, resulting from the expansion of our staff team, (y) an increase in **[REDACTED]** expenses, which is relevant to the **[REDACTED]** and (z) an increase in share-based payments, resulting from a one-time share purchase between two member of our management team, and (iii) the derecognition of redemption liabilities of RMB515.6 million as of April 30, 2025 upon the termination of special rights previously granted to our investors.

Our loss for the year was substantially narrowed from RMB96.6 million in 2023 to RMB21.8 million in 2024, primarily attributable to (i) an increase in the revenue and gross profit driven by the growth in sales of millimeter-wave radar products; and (ii) decrease in general and administrative expenses due to the absence of share-based payment in 2024, whereas we incurred share-based payment in 2023 in relation to the indirect acquisition of equity interest by a Director from another shareholder.

We recorded accumulated losses at the beginning of the Track Record Period, being January 1, 2023, primarily due to substantial R&D expenses incurred at the commencement of our establishment.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

2025 Compared to 2024

Revenue

Our revenue increased significantly from RMB348.1 million in 2024 to RMB1,122.5 million in 2025, primarily driven by the growth in sales of millimeter-wave radar products to Customer A.

Revenue generated from millimeter-wave radar products increased significantly from RMB345.6 million in 2024 to RMB1,121.7 million in 2025. The sales volume of our front millimeter-wave radars increased from 999,470 units in 2024 to 2,125,449 units in 2025, while corner millimeter-wave radars increased from 875,676 units in 2024 to 8,031,541 units in 2025.

Such sharp growth was mainly attributable to the upgrade of Customer A's smart driving systems in early 2025, leading to a significant growth of its smart driving vehicles. Our revenue from sales to Customer A increased from RMB325.8 million in 2024 to RMB1,082.2 million in 2025. We also expand our customer base and achieved sales growth in customers other than Customer A. Our revenue from sales to customers other than Customer A increased to RMB40.2 million in 2025.

Cost of Sales

Our cost of sales increased significantly from RMB229.6 million in 2024 to RMB952.8 million in 2025, which was generally in line with the increase in sales of our millimeter-wave radar products.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB118.5 million in 2024 to RMB169.7 million in 2025. Our gross profit margin decreased from 34.0% in 2024 to 15.1% in 2025 primarily due to a shift in product mix from front millimeter-wave radar products to corner millimeter-wave radar products, which carry different pricing and margin profiles, as well as strategic pricing adjustments implemented to facilitate the installation of our full millimeter-wave radar products in smart driving vehicles, particularly mid- to lower-end models. Under this strategy, the decline in ASP temporarily exceeded the pace of cost reductions. In addition, gross profit margin in the first quarter of 2025 was affected by transitional factors, including inventory build-up, depreciation following capitalization of fixed assets, and production ramp-up. The ASP of our millimeter-wave radar products decreased from RMB184 in 2024 to RMB111 in 2025, which was in line with the drop of the prevailing market price, according to CIC. The market price of our major raw materials, such as ICs, PCBs, automotive MCUs, has been on a decreasing trend from 2023 to 2025. Mature automotive radars generally experience gradual price decline, reflecting scale effects and improvements in design and manufacturing processes, while next-generation models often enjoy a temporary premium at launch. See "Business – Path to Profitability – Analysis on Historical Financial Performance" for details.

The unit cost of our millimeter-wave radars decreased from RMB122 per unit in 2024 to RMB93.8 per unit in 2025, mainly due to the achievement of economies of scale and the optimization of our product designs. We benefited from bulk purchasing of raw materials as well as optimization of product designs which led to a decrease in costs of raw materials and consumables used per unit. Such impact was partially offset by the decline in ASP of our millimeter-wave radars from RMB184 per unit in 2024 to RMB111 per unit in 2025, reflecting our strategic push to penetrate the market supported by the achievement of economies of scale.

Other Net Income

Our other net income remained relatively stable from RMB0.8 million in 2024 to RMB0.7 million in 2025, primarily attributable to an increase in government grants of RMB1.2 million, resulting from an increase of the VAT input tax deduction income from government subsidies in 2025.

Selling Expenses

Our selling expenses increased by 23.8% from RMB13.7 million in 2024 to RMB16.9 million in 2025, primarily attributable to higher salary and bonus expenses incurred in connection with the our accelerated business expansion and the recruitment of additional sales and management personnel, which, while increasing costs, supported business development and strengthened customer relationship management.

General and Administrative Expenses

Our general and administrative expenses increased by 164.5% from RMB28.3 million in 2024 to RMB74.9 million in 2025, primarily attributable to an increase in salaries and bonus, **[REDACTED]** expenses and share-based payments.

Research and Development Expenses

Our research and development expenses remained relatively stable from RMB61.9 million in 2024 to RMB60.8 million in 2025, as the decrease in material costs due to enhanced cost control and reduced material wastage was largely offset by an increase in salary expenses.

Changes in Carrying Amounts of Redemption Liabilities

Our changes in carrying amounts of redemption liabilities decreased by 66.6% from RMB35.7 million in 2024 to RMB11.9 million in 2025, primarily as a result of the termination of the special redemption rights granted to our pre-**[REDACTED]** investors in April 2025.

Income Tax

We did not record any income tax in both 2024 and 2025.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 73.3% from RMB21.8 million in 2024 to RMB5.8 million in 2025, reflecting the growth in our business.

2024 Compared to 2023

Revenue

Our revenue increased significantly from RMB156.5 million in 2023 to RMB348.1 million in 2024, primarily driven by the growth in sales of millimeter-wave radar products.

Revenue generated from millimeter-wave radar products increased significantly from RMB154.1 million in 2023 to RMB345.6 million in 2024. The sales volume of our front millimeter-wave radars increased from 420,791 units in 2023 to 999,470 units in 2024, while corner millimeter-wave radars increased from 333,004 units in 2023 to 875,678 units in 2024. Such sharp growth was mainly attributable to the commencement of mass production of certain products in 2023, including enhanced corner radar CTMRR-410 and the introduction of our 5.5th generation high-definition 4D radar series, CTLRR-220 Pro and CTMRR-130 Pro – both of which were incorporated into Customer A's smart driving systems.

Benefiting from the rising adoption of smart driving technologies, our revenue from sales to Customer A increased from RMB142.9 million in 2023 to RMB325.8 million in 2024.

Cost of Sales

Our cost of sales increased significantly from RMB108.0 million in 2023 to RMB229.6 million in 2024, which was generally in line with the increase in sales of our millimeter-wave radar products.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB48.5 million in 2023 to RMB118.5 million in 2024. Our gross profit margin increased from 31.0% in 2023 to 34.0% in 2024.

Specifically, the gross profit margin from sales of millimeter-wave radars increased from 31.1% in 2023 to 34.0% in 2024, as the decrease in the unit cost of our millimeter-wave radars outpaced the decrease in ASP. The unit cost of our millimeter-wave radars decreased from RMB141 per unit in 2023 to RMB122 per unit in 2024, mainly due to the achievement of economies of scale as demands from Customer A increased. We benefited from bulk purchasing of raw materials which led to a decrease in costs of raw materials and consumables used per unit. Such impact was partially offset by the decline in ASP of our millimeter-wave radars from RMB204 per unit in 2023 to RMB184 per unit in 2024, reflecting our strategic push to penetrate the market supported by the achievement of economies of scale.

Other Net Income

Our other net income decreased by 47.4% from RMB1.5 million in 2023 to RMB0.8 million in 2024, primarily attributable to a decrease in net fair value gains from our investments in wealth management products as we redeemed these products during the year, retaining more cash to meet our working capital needs.

Selling Expenses

Our selling expenses decreased slightly from RMB14.3 million in 2023 to RMB13.7 million in 2024, primarily due to (i) a decrease in business development expenses by RMB0.8 million; and (ii) an increase in staff costs by RMB0.8 million, mainly as a result of salary increment.

General and Administrative Expenses

Our general and administrative expenses decreased by 34.8% from RMB43.4 million in 2023 to RMB28.3 million in 2024, primarily attributable to (i) the absence of share-based payment in 2024, whereas we incurred share-based payment of RMB10.4 million in 2023 in relation to the indirect acquisition of equity interest by a Director from another shareholder. The amount of the share-based payment represented the difference between the fair value of acquired equity interests and the consideration paid by the Director. See Note 24 to the Accountants' Report in Appendix I for details; and (ii) a decrease in administrative staff costs by RMB3.3 million, reflecting a decrease in bonuses and welfare for our administrative personnel.

Research and Development Expenses

Our research and development expenses decreased slightly from RMB64.4 million in 2023 to RMB61.9 million in 2024, primarily due to (i) a decrease in traveling expenses by RMB2.4 million; (ii) a decrease in staff costs by RMB1.9 million as our R&D headcount decreased; partially offset by (iii) an increase in raw materials and components by RMB2.1 million.

Changes in Carrying Amounts of Redemption Liabilities

Our changes in carrying amounts of redemption liabilities increased by 53.7% from RMB23.2 million in 2023 to RMB35.7 million in 2024, primarily as a result of Series C Financing with redemption rights in 2024.

Income Tax

We did not record any income tax in both 2023 and 2024.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 77.5% from RMB96.6 million in 2023 to RMB21.8 million in 2024, reflecting the growth in our business.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected consolidated statements of financial position items for the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	49,057	58,625	174,789
Right-of-use assets	8,286	4,900	15,109
Intangible assets	1,159	1,011	4,084
Other non-current assets	2,245	29,401	643
Total non-current assets	60,747	93,937	194,625

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
CURRENT ASSETS			
Inventories	37,080	57,643	133,436
Trade and other receivables	58,814	120,949	368,133
Financial assets at fair value through profit or loss	–	2,191	–
Restricted cash	13,849	5,499	12,800
Cash and cash equivalents	1,075	15,865	14,592
Total current assets	110,818	202,147	528,961
CURRENT LIABILITIES			
Trade and other payables	43,314	89,496	222,683
Contract liabilities	187	–	–
Bank loans	26,120	24,000	290,975
Lease liabilities	3,224	2,848	3,354
Redemption liabilities	332,258	503,673	–
Total current liabilities	**405,103**	**620,017**	**517,012**
NET CURRENT LIABILITIES	**(294,285)**	**(417,870)**	**11,949**
TOTAL ASSETS LESS CURRENT LIABILITIES	**(233,538)**	**(323,933)**	**206,574**
NON-CURRENT LIABILITIES			
Lease liabilities	4,976	2,043	12,946
Total non-current liabilities	**4,976**	**2,043**	**12,946**
Net liabilities	**(238,514)**	**(325,976)**	**193,628**
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	10,813	11,419	–
Share capital	–	–	30,000
Reserves	(249,327)	(337,395)	163,628
Total deficit	**(238,514)**	**(325,976)**	**193,628**

Trade and Other Receivables

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

	As of December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Trade receivables, net of allowances	52,859	112,156	346,381
Other receivables	3,779	4,123	3,671
Input value-added tax recoverable	–	–	9,969
Prepayments to vendors	730	807	1,845
Bill receivables, net of allowances	1,446	3,863	6,267
Trade and other receivables	**58,814**	**120,949**	**368,133**

Trade Receivables, net of allowance

Our trade receivables primarily represented receivables from customers of our millimeter-wave radar products. We generally grant our customers credit terms ranging from one to three months.

For Customer A, our top customer, trade receivables were settled through the proprietary digital platform A Chain. A Chain certificates evidence the amount of trade receivables. Upon the monthly settlement at the end of each month, the amount of trade receivables are known to us upon issuance of invoice, and we then receive the A Chain certificates of the amount receivable by us in the next mid-month, which accounted for as part of the trade receivables. We could transfer the A Chain certificates to our suppliers for settling trade and other payables of the same amount on a non recourse basis. We may also finance through redeeming the A Chain certificates prior to maturity at a discount. See "Business – Our Relationship with Customer A – Our Settlement with Customer A" for details. We consider our trade receivables settled upon receipt of cash by (i) holding A Chain certificates to maturity; (ii) early cash settlement with Customer A; and (iii) pledging to banks, factoring company, or other financial institutions. We consider both our trade receivables and corresponding trade payables settled upon payment of A Chain certificates, because once payment is settled using A Chain certificates, the holder no longer has any rights to the corresponding trade payables or trade receivables. During the Track Record Period, there were no unpaid A Chain certificates upon maturity. As of December 31, 2023, 2024 and 2025, the trade receivables of Customer A were RMB46.4 million, RMB106.5 million and RMB341.7 million, respectively, out of which RMB14.3 million, RMB16.3 million and RMB158.9 million were receivables relating to A Chain certificates, respectively. As of December 31, 2024, we recorded a relatively low amount of A Chain certificates as compared to our total trade receivables, primarily as we made significant sales in December 2024 and the corresponding A Chain certificates were received in January 2025.

Our trade receivables, net of allowances increased significantly from RMB52.9 million as of December 31, 2023 to RMB112.2 million as of December 31, 2024 and further to RMB346.4 million as of December 31, 2025, primarily due to the significant revenue to Customer A recorded near the end of 2025.

We calculate the trade receivable turnover days using the average of the opening and ending trade receivables balances for the period, divided by revenue for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025). The following table sets forth the number of our trade receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Trade receivable turnover days	126	87	75

Our trade receivable turnover days decreased from 126 days in 2023 to 87 days in 2024, and further to 75 days in 2025, reflecting our improvement in capital management utilizing A Chain, where we collected cash from redeeming certain A Chain certificates prior to maturity or transferred the A Chain certificates to our suppliers for settlement of trade and other payables.

The following table sets forth aging analysis of trade receivables, net of loss allowance and based on revenue recognition date as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Within 1 year	50,613	112,156	346,309
Over 1 year but less than 2 years	268	–	72
Over 2 years but less than 3 years	1,978	–	–
Total	**52,859**	**112,156**	**346,381**

As of January 31, 2026, RMB105.9 million, or approximately 30.6% of our trade receivables as of December 31, 2025 were subsequently settled.

Our Directors are of the view that there is no material recoverability issue for trade receivables, and sufficient provision has been made, by taking into account our enhanced credit risk management measures and understanding of the financial position of the custom.

Other Receivables

Our other receivables primarily represented security deposits and other deposits and receivables. As of December 31, 2023, 2024 and 2025, our other receivables amounted to RMB3.8 million, RMB4.1 million and RMB3.7 million, respectively.

Our other receivables increased from RMB3.8 million as of December 31, 2023 to RMB4.1 million as of December 31, 2024, primarily due to increase in other deposits, generally in line with the expansion of our business. Our other receivables decreased from RMB4.1 million as of December 31, 2024 to RMB3.7 million as of December 31, 2025, primarily attributable to our completion of lease termination procedures in 2025 and the recovery of the related rental deposits.

Inventories

Our inventories comprised (i) raw materials such as ICs, PCBs, and structural components; (ii) semi-finished products and work-in-progress ("**WIP**"); and (iii) finished goods and goods in transit, mainly representing our millimeter-wave radar products ready for delivery to customers or in transit. The following table sets forth our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Raw materials	20,420	22,243	68,875
Semi-finished products and WIP	4,053	13,224	1,991
Finished goods and goods in transit	12,607	22,176	62,570
Total	**37,080**	**57,643**	**133,436**

Our inventories increased significantly from RMB37.1 million as of December 31, 2023 to RMB57.6 million as of December 31, 2024, primarily due to the increase in customers' orders. Our inventories increased significantly from RMB57.6 million as of December 31, 2024 to RMB133.4 million as of December 31, 2025, primarily due to (i) increased stocking in advance to ensure delivery following increased sales orders and (ii) higher production volume aligned with growing sales forecast and monthly revenue.

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

	As of December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Within 1 year	35,004	56,613	131,767
Over 1 year but less than 2 years	2,076	1,030	1,576
Over 2 years but less than 3 years	–	–	93
Total	**37,080**	**57,643**	**133,436**

We have implemented an inventory management system designed and overseen by our warehouse and logistics department. All inbound materials are verified against delivery documentation and subjected to quality inspection before being accepted into inventory. Outbound shipments, including production line requisitions and customer deliveries, follow MES-logged issuance and multi-point verification procedures. In addition, we conduct inventory audits, and manage impairments and obsolescence in coordination with the finance and quality departments. See "Business – Inventory Management" for details.

We periodically assess the impairment on our inventories. In particular, we review our inventories as of the end of each accounting period to ensure inventory is shown at the lower of cost and net realizable value, which is the estimated selling price in the ordinary course of our business less any estimated costs of completion and costs necessary to make the sale. In 2023, 2024 and 2025, we recognized write-down of inventories of RMB2.1 million, a reversal of write down of RMB1.2 million and a write-down of RMB1.1 million, respectively.

We calculate the inventory turnover days using the average of the opening and ending inventory balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025). The following table sets forth the number of our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days	133	75	37

Our inventory turnover days decreased from 133 days in 2023 to 75 days in 2024, and further to 37 days in 2025, reflecting the improvement in our sale.

As of January 31, 2026, RMB67.4 million, or approximately 50.5% of our inventories as of December 31, 2025 had been utilized or sold.

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) machinery and equipment; (ii) electronic equipment and others leasehold improvement; and (iii) leasehold improvements. The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Machinery and equipment	42,042	52,892	158,717
Electronic equipment and others	3,914	3,801	4,038
Leasehold improvement	3,101	1,932	12,034
Total	**49,057**	**58,625**	**174,789**

Our property, plant and equipment increased by 19.5% from RMB49.1 million as of December 31, 2023 to RMB58.6 million as of December 31, 2024 and by 198.1% further to RMB174.8 million as of December 31, 2025, primarily due to the addition of equipment and machinery for our Shenzhen production base, which commenced operation in January 2025.

Impairment of Non-Financial Assets

We consider the Group's non-financial assets (including property, plant and equipment, right-of-use assets and intangible assets) to constitute a single cash generating unit ("**CGU**"). We assess whether there is any indication that the CGU may be impaired at the end of each reporting period.

Although we have been recording losses throughout the Track Record Period, such losses were within our expectations, as we continue to develop and expanding our business and operations rapidly. Aside from this, we have not identified any internal or external factors which may indicate a potential impairment of the CGU, therefore, no impairment testing was performed.

Other Non-current Assets

Our other non-current assets represented our prepayments for property, plant and equipment. As of December 31, 2023, 2024 and 2025, our other non-current assets amounted to RMB2.2 million, RMB29.4 million and RMB0.6 million, respectively. The significant increase in balance as of December 31, 2024 was mainly due to prepayments for purchases of assets for our Shenzhen production plant. In addition, the decrease as of December 31, 2025 was primarily attributable to the prepaid equipment having been delivered to and accepted for use at the our Shenzhen Production Base, and consequently reclassified from prepayments for equipment to property, plant and equipment.

Financial Assets at Fair Vale through Profit or Loss ("FVPL")

Our financial assets at FVPL represented our investments in wealth management products. As of December 31, 2023, 2024 and 2025, our financial assets at FVPL amounted to nil, RMB2.2 million and nil, respectively. During the Track Record Period, we purchased wealth management products from reputable commercial banks from time to time with an aim to enhancing our income without materially interfering with our business operations or capital expenditures. These products primarily comprised low-risk financial products with short-term or flexible redemption features, issued by commercial banks or other reputable financial institutions in China. The expected annualized rates of return of such products ranged from 1.0% to 2.5% during the Track Record Period.

To manage and mitigate the risks associated with our wealth management product portfolio, we have established a set of investment policies and internal guidelines. Under these policies, investments exceeding certain thresholds are subject to approval by our Shareholders in accordance with applicable laws, regulations and our Articles of Association. Our investment and financing department, within the authorization granted by the Shareholders and the Board, is responsible for managing our investments in wealth management products. Together with our finance department, it is also tasked with conducting valuations in respect of external investments and divestments to safeguard against any potential loss of assets. Proposed investments must not interfere with our daily operations or affect our business prospects. Investment decisions are made on a case-by-case basis following a thorough assessment of factors including the general market conditions, and the expected return or potential risk of the investment. Our investment and finance department, subject to management review and approval, is responsible for the execution of such investments, including risk assessment.

After the **[REDACTED]**, the investments in wealth management products will be subject to our Company's compliance with the requirements under Chapter 14 of the Listing Rules, and we also intend to continue our investments in these products strictly in accordance with our internal policies and guidelines.

We reduced our investments in financial assets at FVPL during the Track Record Period to retain more cash to meet our working capital needs.

Trade and Other Payables

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

	As of December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Trade payables	30,735	65,865	99,355
Staff cost payables	9,821	17,094	25,465
Other payables	1,313	2,196	1,401
Other taxes payable	1,445	4,341	12,462
Bills payable	–	–	84,000
Trade and other payables	**43,314**	**89,496**	**222,683**

Trade Payables

Our trade payables primarily represented the amounts payable to raw materials suppliers and other product and service providers. Our trade payables increased from RMB30.7 million as of December 31, 2023 to RMB65.9 million as of December 31, 2024, which aligned with our increased procurement to support our business expansion. Our trade payables increased from RMB65.9 million as of December 31, 2024 to RMB99.4 million as of December 31, 2025, primarily due to our increased procurement of raw materials in line with our sales growth, along with the increased equipment for our new production base in Shenzhen.

We calculate the trade payable turnover days using the average of the opening and ending trade payable balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025). The following table sets forth the number of our trade payable turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Trade payable turnover days	137	77	32

Our trade payables turnover days decreased from 137 days in 2023 to 77 days in 2024 and further to 32 days in 2025 primarily due to the improvement in capital management utilizing A Chain and settled our trade payables on a timely manner, in addition, we used bills to settle trade payables in 2025.

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

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within 1 year	29,516	65,246	98,441
After 1 year but within 2 years	1,084	12	309
Over 2 years	135	607	605
Total	**30,735**	**65,865**	**99,355**

As of January 31, 2026, RMB59.0 million, or approximately 58.4% of our trade payables as of December 31, 2025 were subsequently settled.

Staff Cost Payables

Our staff cost payables primarily represented salaries and bonuses payable to our employees. Our staff cost payables increased from RMB9.8 million as of December 31, 2023 to RMB17.1 million as of December 31, 2024, primarily due to increase in accruals for bonuses at the end of 2024. Our staff cost payables increased from RMB17.1 million as of December 31, 2024 to RMB25.5 million as of December 31, 2025, primarily due to our business expansion, which led to a higher year-end balance of employee compensation payable.

Other taxes payable

Other taxes payable mainly represent value-added tax ("**VAT**") payable arising from our operating activities. Other taxes payable increased from RMB1.4 million as of December 31, 2023 to RMB4.3 million as of December 31, 2024, and further to RMB12.5 million as of December 31, 2025, primarily due to our higher sales recorded during the Track Record Period, which resulted in increased VAT payable.

Bills Payable

Our bills payables increased from nil as of December 31, 2023 and 2024 to RMB84.0 million as of December 31, 2025, primarily due to (i) the growth in revenue attributable to increased orders from Customer A and other customers, which led to higher procurement of raw materials and a corresponding increase in bills payable issued to our suppliers; and (ii) additional bills payable arising from equipment purchases in connection with the construction of our Shenzhen Production Base.

NET CURRENT LIABILITIES

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

	As of December 31,			As of January 31,
	2023	**2024**	**2025**	**2026**
		(RMB'000)		
				(Unaudited)
Current assets:				
Inventories	37,080	57,643	133,436	154,110
Trade and other receivables	58,814	120,949	368,133	336,042
Restricted cash	13,849	5,499	12,800	11,400
Financial assets at fair value through profit or loss	–	2,191	–	–
Cash and cash equivalents	1,075	15,865	14,592	50,653
Total current assets	**110,818**	**202,147**	**528,961**	**552,205**
Current liabilities:				
Trade and other payables	43,314	89,496	222,683	225,045
Contract liabilities	187	–	–	–
Bank loans	26,120	24,000	290,975	323,190
Lease liabilities	3,224	2,848	3,354	3,354
Redemption liabilities	332,258	503,673	–	–
Total current liabilities	**405,103**	**620,017**	**517,012**	**551,589**
Net current (liabilities)/assets	**(294,285)**	**(417,870)**	**11,949**	**615**

We had net current assets of RMB0.6 million as of January 31, 2026, consisting of current assets of RMB552.2 million and current liabilities of RMB551.6 million, which represented a decrease of RMB11.3 million from our net current assets of RMB11.9 million as of December 31, 2025, primarily due to a decrease in trade and other receivables of RMB32.1 million.

We had net current assets of RMB11.9 million as of December 31, 2025, consisting of current assets of RMB529.0 million and current liabilities of RMB517.0 million, which turned positive from our net current liabilities of RMB417.9 million as of December 31, 2024, primarily due to the derecognition of redemption liabilities of RMB515.6 million as of April 30, 2025 upon the termination of special rights previously granted to our investors, partially offset by increases in trade and other payables of RMB133.2 million and bank borrowings of RMB267.0 million primarily for the purchase of production equipment to expand our manufacturing capacity, alongside growth in trade and other receivables of RMB247.2 million, inventories of RMB75.8 million, and restricted cash of RMB7.3 million, reflecting higher customer orders and increased production.

We had net current liabilities of RMB417.9 million as of December 31, 2024, consisting of current assets of RMB202.1 million and current liabilities of RMB620.0 million, which represented an increase of RMB123.6 million from our net current liabilities of RMB294.3 million as of December 31, 2023, primarily due to an increase in redemption liabilities of RMB171.4 million arising from the issuance of shares with special rights in 2024, and an increase in trade and other payables of RMB46.2 million, partially offset by growth in trade and other receivables of RMB62.1 million, inventories of RMB20.6 million, cash and cash equivalents of RMB14.8 million, and financial assets measured at FVTPL of RMB2.2 million, reflecting the continued expansion of our operations and higher customer orders during the year.

We had net current liabilities of RMB294.3 million as of December 31, 2023, consisting of current assets of RMB110.8 million and current liabilities of RMB405.1 million, which represented an increase of RMB83.8 million from our net current liabilities of RMB210.5 million as of December 31, 2022, primarily due to an increase in redemption liabilities of RMB23.2 million, mainly attributable to the amortization of such liabilities, an increase in bank loans of RMB8.5 million, a decrease in inventories of RMB4.7 million as we stocked up on raw materials at the end of 2022 to prepare for orders from Customer A, partially offset by decreases in lease liabilities of RMB1.7 million, as well as the derecognition of financial assets measured at FVTPL of RMB82.7 million following the redemption of certain wealth management products, the proceeds of which were partially offset by increased R&D and general and administrative expenses in 2023, resulting in an overall increase in net current liabilities.

The special redemption rights granted to our pre-**[REDACTED]** investors were terminated in April 2025. As such, the redemption liabilities had been re-designated to equity.

We have taken, and will continue to take, the following measures to improve our net current liabilities position:

Strengthening inventory and cash flow management

We have optimized, and will continue to optimize, demand forecasting and inventory planning using historical data and market trends to maintain appropriate safety stock levels, minimize overstocking, and ensure sufficient supply to meet demand fluctuations. Our business, operations, and supply chain teams work closely to align production schedules and adjust inventory strategies based on seasonality and market conditions.

Enhancing receivables and working capital management

We have strengthened, and will continue to strengthen, collection efforts for business lines with shorter payment cycles to bridge cash flow gaps. We have also implemented tighter controls over procurement schedules, supplier payments, and operating cash outflows to better align with collection cycles and alleviate short-term liquidity pressure.

Optimizing funding structure and supplier collaboration.

We have maintained, and will continue to maintain, close coordination with suppliers to ensure stable material supply. Meanwhile, we plan to gradually reduce reliance on short-term borrowings by converting part of them into medium- to long-term facilities and working with financial institutions to secure project-specific credit solutions that align with our cash flow profile.

Expanding business scale and improving profitability.

We have expanded, and will continue to expand, our manufacturing capacity to increase sales and generate stronger operating cash flows. We also aim to improve gross margins through high-value product offerings, which will support stronger internal cash generation and reduce reliance on external debt.

Taken together, we believe these measures will gradually improve our net liability and liquidity position, ensuring the sustainable growth of our operations.

The total equity of our Company was more than the total equity of our Group as of December 31, 2025 due to accumulated losses incurred by certain operating subsidiaries during the Track Record Period. These subsidiaries incurred significant expenditures during the Track Record Period to expand their production capacity in order to meet our operational needs.

We believe that, as we continue to expand its operations geographically and across different brands, we will be able to leverage economics of scale and pricing optimization strategies, to enable improved profitability for the production centers held by these subsidiaries. Therefore, we do not consider there to be any impairment indicators for our Company's investment in subsidiaries.

NET LIABILITIES/ASSETS

We had net assets of RMB193.6 million as of December 31, 2025, consisting of total assets of RMB723.6 million and total liabilities of RMB530.0 million, turned positive from our net liabilities of RMB326.0 million as of December 31, 2024, mainly due to the fact that the redemption rights granted to pre-**[REDACTED]** investors were terminated in April 2025 and as such the redemption liabilities have been re-designated to equity. See Note 23 to the Accountants' Report in Appendix I for details.

We had net liabilities of RMB326.0 million as of December 31, 2024, consisting of total assets of RMB296.1 million and total liabilities of RMB622.1 million, which represented an increase of RMB87.5 million from our net liabilities of RMB238.5 million as of December 31, 2023, mainly due to the increase in redemption liabilities of RMB171.4 million as we issued shares with special rights in 2024.

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including cash and cash equivalents as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, bank borrowings and capital contribution from our investors. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB1.1 million, RMB15.9 million and RMB14.6 million, respectively.

Our net operating cash outflows as of December 31, 2025 were partly attributable to (i) bulk purchases of ICs for our new products' inventory, and (ii) more investment in procurement and inventory management as our business scale expanded. We have implemented and will continue to strengthen cost control measures, including leveraging economies of scale to secure favorable terms in raw material procurement and optimizing production and overhead cost management to enhance operational efficiency. See "Business – Path to Profitability – Effective Operational Efficiency Improvement" and "Business – Path to Profitability – Strategic Cost Management." These steps aim to improve cash flow sustainability while supporting strategic inventory needs.

Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
		(RMB'000)	
Net cash used in operating activities	(61,886)	(6,981)	(137,926)
Net cash generated from/(used in) investing activities	70,694	(55,656)	(119,065)
Net cash (used in)/generated from financing activities	(11,974)	77,427	255,718
Net (decrease)/increase in cash and cash equivalents	(3,166)	14,790	(1,273)
Cash and cash equivalents at January 1,	4,241	1,075	15,865
Cash and cash equivalents at December 31,	1,075	15,865	14,592

Operating Activities

Cash flows from operating activities consist of loss before income tax adjusted for certain non-cash or non-operating activities related items, primarily including changes in carrying amounts of redemption liabilities, equity-settled share-based payment expenses and depreciation arising from our property, plant and equipment and right-of-use assets. We derive our cash inflow mainly from operating activities through sales of our millimeter-wave radar products. Cash outflow from operating activities primarily consisted of payments for procuring inventories, staff costs and other operating expenses incurred during our daily operations. We recorded net operating cash outflow from operating activities throughout the Track Record Period due to our loss incurred during the years.

Our net cash used in operating activities was RMB137.9 million in 2025. This net cash outflow was attributable to loss before tax of RMB5.8 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of (i) changes in the carrying amount of redemption liabilities of RMB11.9 million; (ii) equity-settled share-based payment expense of RMB9.8 million; and (iii) depreciation of property and equipment of RMB22.0 million. These were partially offset by (i) the increase in trade and other receivables of RMB235.2 million, mainly due to increased sales in line with our revenue growth; and (ii) the increase in trade and other payables of RMB124.3 million, mainly due to our increased procurement of raw materials.

Our net cash used in operating activities was RMB7.0 million in 2024. This net cash outflow was attributable to loss before tax of RMB21.8 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of (i) changes in carrying amounts of redemption liabilities of RMB35.7 million; (ii) depreciation of property, plant and equipment of RMB8.1 million; and (iii) depreciation of right-of-use assets of RMB3.2 million. These were partially offset by (i) the increase trade and other receivables of RMB62.4 million, mainly due to the growth in our revenue; and (ii) an increase in inventories of RMB19.4 million, mainly due to increased purchases to support our customers' orders.

Our net cash used in operating activities was RMB61.9 million in 2023. This net cash outflow was attributable to loss before tax of RMB96.6 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of (i) changes in carrying amounts of redemption liabilities of RMB23.2 million; (ii) equity-settled shared-based payment expenses of RMB10.4 million; (iii) depreciation of property, plant and equipment of RMB7.2 million; and (iv) depreciation of right-of-use assets of RMB4.5 million. These were partially offset by the decrease in trade and other payables of RMB21.5 million, which was mainly due to decrease in trade payables affected by the purchases and production schedules.

Our net cash used in operating activities increased from RMB7.0 million in 2024 to RMB137.9 million in 2025, primarily due to (i) an increase in trade and other receivables and inventories, resulting from increased sales orders from our customers, in line with the growth of our revenue, and (ii) increase in restricted cash. These were partially offset by an increase in trade and other payables, primarily due to our increased procurement of raw materials in line with our sales growth.

Our net cash used in operating activities decreased from RMB61.9 million in 2023 to RMB7.0 million in 2024, primarily due to (i) an increase in trade and other payables which was aligned with our increased procurement to support our business expansion, and (ii) a decrease in loss before taxation.

Investing Activities

Our cash used in investing activities mainly consisted of our cash used in purchases of items of property, plant and equipment, right-of-use assets and wealth management products. Our cash generated from investing activities mainly consisted of proceeds from disposal of wealth management products.

Our net cash used in investing activities was RMB119.1 million in 2025. This net cash outflow was primarily due to the purchases of property, plant and equipment of RMB117.9 million and the purchases of intangible assets of RMB3.3 million.

Our net cash used in investing activities was RMB55.7 million in 2024. This net cash outflow was primarily due to the purchases of wealth management products of RMB65.0 million and that of property, plant and equipment of RMB53.8 million, which was partly offset by the proceeds from proceeds from disposal of wealth management products of RMB63.1 million.

Our net cash from investing activities was RMB70.7 million in 2023. This net cash inflow was primarily due to proceeds from disposal of wealth management products of RMB133.0 million, partially offset by the cash paid for purchases of wealth management products of RMB49.8 million and that of property, plant and equipment of RMB12.1 million.

Financing Activities

Our cash used in financing activities mainly consisted of cash used for repayment of bank loans and lease payments. Cash generated from financing activities mainly consisted of proceeds from bank loans and capital contributions from our investors.

Our net cash from financing activities was RMB255.7 million in 2025. This net cash inflow was primarily due to the proceeds from bank loans of RMB358.0 million. This net cash inflow was offset by repayment of bank loans of RMB91.2 million.

Our net cash from financing activities was RMB77.4 million in 2024. This net cash inflow was primarily due to (i) capital contributions by investors of RMB70.0 million from our series C financing during the year; and (ii) proceeds of bank loans from RMB59.0 million. This net cash inflow was offset by the repayment of bank loans of RMB61.1 million.

Our net cash used in financing activities was RMB12.0 million in 2023. This net cash outflow was primarily due to (i) the repayment of bank loans of RMB31.5 million; and (ii) the placement of restricted cash balance of RMB13.8 million. This net cash outflow was offset by proceeds from bank loans of RMB40.0 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we met our working capital requirements mainly from capital contributions from shareholders and bank loans.

Taking into account the estimated net **[REDACTED]** from the **[REDACTED]** and the financial resources available to us, including cash and cash equivalents and unutilized bank facilities, our Directors are of the view that we have available sufficient working capital to cover our present requirements and for at least the next 12 months from the date of this document.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

During the Track Record Period, our indebtedness consisted of (i) lease liabilities; (ii) loans and borrowings; and (iii) redemption liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of January 31,
	2023	2024	2025	2026
		(RMB'000)		
				(Unaudited)
Included in current liabilities				
Lease liabilities	3,224	2,848	3,354	3,306
Bank loans	26,120	24,000	290,770	322,780
Redemption liabilities	332,258	503,673	–	–
Sub-total	361,602	530,521	294,124	326,086
Included in non-current liabilities				
Lease liabilities	4,976	2,043	12,946	12,976
Sub-total	4,976	2,043	12,946	12,976
Total	366,578	532,564	307,070	339,062

Bank Loans

	As of December 31, 2023	2024	2025	As of January 31, 2026
				(Unaudited)
Within one year				
– Guaranteed	26,120	19,000	218,770	250,780
– Unguaranteed	–	5,000	72,000	72,000
Total	26,120	24,000	290,770	322,780

As of December 31, 2023, 2024 and 2025 and January 31, 2026, we had total bank loans of RMB26.1 million, RMB24.0 million, RMB290.8 million and RMB322.8 million, respectively. The overall increase in the balance of our bank loans during the Track Record Period were primarily due to the growing cash requirements in line with our business expansion. Bank loans are primarily from well-established commercial banks in China. As of December 31, 2023, 2024, and 2025 and January 31, 2026, our bank loans due within one year were RMB26.1 million, RMB24.0 million and RMB290.8 million and RMB322.8 million respectively, of which RMB26.1 million, RMB19.0 million, RMB218.8 million and RMB250.8 million were guaranteed by Mr. Chen. Our Directors confirm that all personal guarantees provided by Mr. Chen will be fully released upon the **[REDACTED]**, subject to the completion of the relevant procedures. As of the Latest Practicable Date, we had obtained confirmation letters from the relevant banks to this effect.

Our Directors confirm that there has been no material change in our indebtedness position since January 31, 2026, being the latest practicable date for the purpose of the indebtedness statement. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank borrowings, we did not have plans for other material external debt financing.

As of January 31, 2026, we had unutilized credit facilities of RMB180.0 million. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

Lease Liabilities

Our lease liabilities mainly represented the amount to be paid by us as the lessee for the leases of premises of our headquarters and production facilities. The following table sets forth the carrying amount of our lease liabilities as of the dates indicated:

	As of December 31, 2023	2024	2025	As of January 31, 2026
				(Unaudited)
Non-current	4,976	2,043	12,946	12,976
Current	3,224	2,848	3,354	3,306
Total	8,200	4,891	16,300	16,282

For a maturity analysis of our lease liabilities, see Note 21 to the Accountants' Report included in Appendix I to this document.

Redemption Liabilities

Our redemption liabilities represented our obligations to redeem the paid-in capital for cash upon certain events as stipulated in the investment agreement entered into between us and our investors. See Note 23 to the Accountants' Report in Appendix I to this document for details. As of December 31, 2023 and 2024, we had redemption liabilities of RMB332.3 million and RMB503.7 million, respectively. The increase in our redemption liabilities was primarily due to the amortization of redemption liabilities and the issuance of shares with redemption rights from two rounds of financing in November 2022 and May 2024, respectively.

In April 2025, the special rights granted to our investors were terminated pursuant to the supplemental agreements entered into between us and our investors. Accordingly, the redemption liabilities were converted from liabilities into equity, and we had no redemption liabilities as of December 31, 2025 and January 31, 2026.

Contingent Liabilities

As of January 31, 2026, we did not have any material outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

Capital Expenditures

Our capital expenditures during the Track Record Period primarily consisted of expenditures on (i) property, plant and equipment; and (ii) intangible assets. The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Property, plant and equipment	12,095	53,766	117,926
Intangible assets	504	–	3,335
Total	**12,599**	**53,766**	**121,261**

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and Use of **[REDACTED]** – Use of **[REDACTED]**" for details. We intend to fund our planned capital expenditures through a combination of the net **[REDACTED]** from the **[REDACTED]**, bank loans as well as cash generated from operating activities.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in China, the availability of financing on terms acceptable to us and development in the regulatory environment in China. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business in the future.

Contractual Commitments

The following table sets forth our contractual commitments as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB'000)	
Contracted, but not provided for:			
Property, plant and equipment	1,050	71,400	808
Total	**1,050**	**71,400**	**808**

Our outstanding capital commitments as of December 31, 2023, 2024, and 2025, amounted to RMB1.1 million, RMB71.4 million and RMB0.8 million, respectively. These commitments primarily relate to property, plant and equipment that had been contracted for but not yet provided, largely attributable to a substantial number of purchase contracts entered into prior to the end of 2024, with the relevant assets pending delivery. Such commitments are consistent with our capital expenditure set out above.

OFF-BALANCE SHEET ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain transactions with our related parties. See Note 27 to the Accountants' Report in Appendix I to this document for details of transactions carried out with our related parties during the Track Record Period.

It is the view of our Directors that each of the related party transactions set out in Note 27 of the Accountants' Report in Appendix I to this document (i) were conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Revenue growth *(%)*	N/A(6)	122.4	222.5
Gross profit margin *(%)*(1)	31.0	34.0	15.1
Net loss margin *(%)*(2)	(61.7)	(6.3)	(0.5)
Adjusted net (loss)/profit margin (a non-IFRS measure) *(%)*(3)	(40.2)	4.0	2.8

	As of December 31,		
	2023	**2024**	**2025**
Current ratio *(times)*[4]	0.3	0.3	1.0
Quick ratio *(times)*[5]	0.2	0.2	0.8

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net loss margin is calculated based on loss for the period divided by revenue and multiplied by 100%.

(3) Adjusted net (loss)/profit margin is calculated based on adjusted net (loss)/profit for the period divided by revenue and multiplied by 100%.

(4) See "– Non-IFRS measure" for details of adjusted net (loss)/profit.

(5) Current ratio is calculated based on total current assets divided by total current liabilities.

(6) Quick ratio is calculated based on total current assets less inventories and prepayments for purchases for inventories divided by total current liabilities.

(7) Labeled as "N/A" as the financial information for the year ended December 31, 2022 was not within the Track Record Period.

Revenue Growth, Gross Profit Margin and Net Loss Margin

See "– Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin and net loss margin during the respective periods.

Current Ratio

Our current ratio remained stable at 0.3 times as of December 31, 2023 and 2024, respectively. Our current ratio increased from 0.3 times as of December 31, 2024 to 1.0 times as of December 31, 2025, primarily due to the increase in current liabilities outpaced the increase in current assets. The increase in current liabilities was primarily due to an increase of trade and other payables of RMB133.2 million and an increase in bank loans of RMB267.0 million.

Quick Ratio

Our quick ratio remained stable at 0.2 times and 0.2 times as of December 31, 2023 and 2024, respectively. Our quick ratio increased from 0.2 times as of December 31, 2024 to 0.8 times as of December 31, 2025, primarily due to the increase in current liabilities outpaced the increase in current assets. The increase in current liabilities was primarily due to an increase of trade and other payables of RMB133.2 million and an increase in bank loans of RMB267.0 million.

FINANCIAL RISKS

We are exposed to a credit, liquidity, interest rate and currency risks arising in the normal course of our business as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, see Note 25 in the Accountants' Report set out in Appendix I to this document.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables. Our exposure to credit risk arising from cash and cash equivalents, financial assets measured at FVPL and restricted cash is limited because the counterparties are banks and financial institutions with high credit standing, for which we consider to have low credit risk.

See Note 25 in the Accountants' Report set out in Appendix I to this document for further details.

Liquidity Risk

Our policy is to regularly monitor our liquidity requirements and to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are not exposed to significant interest rate risk for cash and cash equivalents or restricted cash because the interest rates of cash at bank are not expected to change significantly. All of the lease liabilities are fixed rate instruments and are insensitive to any change in market interest rates.

We do not have floating rate liabilities or loans as of the end of each reporting period and consequently do not have significant exposure to interest rate risk. We currently do not have an interest rate hedging policy. However, our Directors will consider hedging significant interest rate risk should the need arise.

DIVIDENDS

No dividends were paid or declared by our Company or any of our subsidiaries during the Track Record Period.

We are incorporated under the laws of the PRC. Any dividends we pay will be subject to our Articles of Association and the relevant PRC laws and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors. Our shareholders in a general meeting may approve any declaration of dividends, which shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company did not have any distributable reserves.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly include **[REDACTED]** commissions, professional fees paid to legal advisors, the Reporting Accountants and other professional parties for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**.

Based on the mid-point **[REDACTED]** of HK$**[REDACTED]** per Share, the total estimated **[REDACTED]** expenses in relation to the **[REDACTED]** are RMB**[REDACTED]** million (HK$**[REDACTED]** million), assuming the **[REDACTED]** is not exercised, which constitute approximately **[REDACTED]**% of the gross **[REDACTED]**. Our total estimated **[REDACTED]** expenses consist of (i) **[REDACTED]**-related expenses of RMB**[REDACTED]** million (HK$**[REDACTED]** million), and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]** million (HK$**[REDACTED]** million), including (a) fees payable to our legal advisors and Reporting Accountants of RMB**[REDACTED]** million (HK$**[REDACTED]** million) and (b) other fees and expenses, including fees payable to the sponsor and the fees of other professional parties such as financial printers, industry consultant, background search agent and **[REDACTED]**, of RMB**[REDACTED]** million (HK$**[REDACTED]** million). Subsequent to the Track Record Period, we expect RMB**[REDACTED]** million (HK$**[REDACTED]** million) will be recognized as expenses in our consolidated statements of profit or loss, and RMB**[REDACTED]** million (HK$**[REDACTED]** million) is to be accounted for as a deduction from equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this Document for details.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, (i) there had been no material adverse change in our business, the industry where we operate, or market or regulatory environment to which we are subject; (ii) there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of the latest consolidated financial position of our Group as set out in the Accountants' Report in Appendix I to this document; or (iii) there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set forth in Appendix I to this document.

In 2026, we expect the ASP of our existing millimeter-wave radars products to remain stable or decrease slightly, while the ASP of our new products, particularly our new front millimeter-wave radars products, are expected to increase. Overall, we expect our gross profit margin to remain relatively stable. For more information, see "Summary – Recent Development and No Material Adverse Change."

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the Listing of the Shares on the Stock Exchange.