You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRSs. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business." For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a globally leading agricultural robotics company with the mission to advance agriculture. By integrating robotics, artificial intelligence and renewable energy technologies, we have developed a comprehensive product matrix of agricultural robotics that outperform both human labor and traditional agricultural machinery in terms of efficiency and effectiveness. During the Track Record Period, we achieved robust growth and significant progress in financial performance. Our revenue increased by 73.4% from RMB614.5 million in 2023 to RMB1,065.5 million in 2024, and further increased by 9.5% from RMB1,065.5 million in 2024 to RMB1,166.2 million in 2025, reflecting sustained momentum in our business operations. In addition to revenue growth, we achieved a meaningful improvement in profitability. While we recorded a net loss of RMB132.8 million in 2023, and achieved a turnaround to a net profit of RMB70.4 million in 2024, and our net profit further increased by 75.9% to RMB123.8 million in 2025.

BASIS OF PREPARATION

Our Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). See Note 2.3 to the Accountants' Report in Appendix I to this Document for material accounting policy information.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing our Historical Financial Information, we have adopted all applicable new and revised IFRS Accounting Standards for the Track Record Period, except for any new or revised standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2025, are set out in Note 2.2 of the Accountants' Report in Appendix I to this Document. Our Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

For ordinary shares issued to Pre-[**REDACTED**] Investors, pursuant to the supplemental agreement entered into between the Pre-[**REDACTED**] Investors and us in relation to the termination of certain of special rights, including redemption rights, which are *void ab initio* as described in Note 29 to the Accountants' Report in Appendix I to this Document, having taking into account the legal and regulatory framework of our jurisdiction and the governing law of the supplementary agreement, our Directors considered that it is appropriate to present the Pre-[**REDACTED**] Investments as equity throughout the Track Record Period. For further details, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investment — Special rights of the Pre-[**REDACTED**] Investors" and Note 29 to the Accountants' Report in Appendix I to this Document. Our Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets and liabilities which have been measured at fair value.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial position have been, and are expected to be, continuously and materially affected by a number of factors, including the following:

General Factors

Our business and results of operations are impacted by general factors affecting the development of our industry, which include (i) macroeconomic conditions in China and globally; (ii) the growth and competitive environment of the agricultural robotics industry; (iii) technological developments in the agricultural robotics industry; (iv) prices of raw materials; (v) relevant laws and regulations, governmental policies and initiatives; and (vi) the occurrence of force majeure events, outbreaks of pandemics or epidemics, acts of war, social and economic turmoil and natural disasters.

Company-specific Factors

Market Demand for our Diverse Product Portfolio

Our ability to offer a competitive and diverse product portfolio is crucial for our business performance. We have a comprehensive product portfolio encompassing high-quality agricultural robotics, primarily comprising (i) agricultural drones; (ii) agricultural rovers; (iii) autopilot consoles; and (iv) smart farm IoT products. Grounded in our deep understanding of user demands, we offer a wide variety of agricultural robotics featuring different specifications, configurations and technology applications to meet their precise needs under different operational scenarios. See "Business — Our Business and Products." Benefiting from our diverse product portfolio, robust research and development strengths, continuous product iteration and upgrading, and advanced production capabilities, we have maintained our position at the forefront of industry. According to Frost & Sullivan, we are an industry leader in global agricultural robotics market, ranking second with a market share of 10.7% in terms of revenue in 2024.

According to Frost & Sullivan, the global agricultural robotics market, in terms of revenue, reached a total market size of RMB8.9 billion in 2024 and is expected to reach RMB74.9 billion by 2029, representing a CAGR of 53.3% between 2024 and 2029. The growth of the global agricultural robotics market will be driven by declining agricultural labor, rising food demand, technological advancements, and supportive government policies. See "Industry Overview — Overview of Agricultural Robotics Industry" for more details.

We will continue to leverage innovation as the driving force and focus on our core competitiveness in brand, intelligent technologies, and the application of new energy technology. By seizing market growth opportunities, we aim to expand and optimize our product portfolio, strengthen our competitive advantages and enhance our position as a global leader in the agricultural robotics industry.

Our Research and Development Capabilities

We believe that research and development is critical to our long-term competitiveness and success. Through years of R&D and product iteration, we have developed a series of core technologies in agricultural robotics that are widely applied across our products. Supported by our robust research and development strengths, we integrate insights from top talents and international expertise to facilitate advancements in our agricultural robotics and smart agriculture solutions. As of December 31, 2025, our R&D team comprised over 490 employees, the majority of which have an education background in mechanical engineering, automation, computer science, network engineering and aerospace engineering. We have made and will continue to make investment in research and development to solidify our market presence. We had total research and development expenses of RMB495.4 million during the Track Record Period, accounting for 17.4% of our total revenue, and we expect to allocate more to our R&D in the next three to five years. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" for more details. We believe our ability to develop new products and solutions as well as improve the existing ones is essential to our ability to maintain our leadership position and increase our sales volume and profitability.

Our Sales and Distribution Network

We have established both national and international sales and distribution networks, allowing us to provide products through our distributors in nearly 70 countries and regions worldwide as of the Latest Practicable Date. See "Business — Sales, Marketing and Customer Service — Our Sales and Distribution Network." Our distributors play an important role in expanding our global footprints and driving sales of our products. During the Track Record Period, our revenue growth has been supported by the strong performance of our distributors, whose enhanced engagement and expanded network have played a key role in driving product sales. See "— Period-to-period Comparison of Results of Operations." Going forward, we expect to continuously expand and cultivate our sales network to effectively reach a diverse customer base and adapt to varying market demand.

Our Production Capabilities and Supply Chain Management

Our ability to maintain manufacturing excellence and cost efficiency is fundamental to our operational success. We are committed to delivering high-quality agricultural robotics through advanced production capabilities and strategic procurement management. As of December 31, 2025, we had one production base with production lines for agricultural drones, agricultural rovers, autopilot consoles and module assembly. Our production efficiency and product quality primarily depend on continuous refinement of production technologies and manufacturing processes. Leveraging our manufacturing technologies and mass production capacity, we ensure the consistent high quality of our products and stay agile in response to changes in market demands. To support long-term growth in this expanding sector and sustain our competitive advantage, we plan to further improve production efficiency by advancing the automation capabilities of our production lines.

We have established long-standing and stable business relationships with suppliers to ensure consistent access to critical parts. During the Track Record Period, we experienced no material disruptions in component supply. To maintain an optimal level of inventory and improve our inventory efficiency, we have also implemented policies and guidelines setting out requirements on inventory control. These measures have enabled us to respond flexibly to market demand, minimize inventory risks, and support the stable and efficient operation of our manufacturing and supply chain systems. Leveraging our profound industry experience, we aim to further enhance our manufacturing capabilities and supply chain management to maintain sustainable growth.

Our Ability to Control Costs and Improve Operational Efficiency

Our future profitability depends significantly on our ability to control costs and operating expenses, which are affected by a number of factors, such as costs of raw materials and production, as well as our operational efficiency. During the Track Record Period, our cost of sales primarily consisted of cost of raw materials, product warranties as well as production expenses and outsourced production fees. Changes in any major component of our cost of sales and our overall cost structure could have an impact on our gross profit and gross profit margin. We are constantly improving our operating efficiency and optimizing the allocation of our resources. Our cost of sales as a percentage of our total revenue decreased from 81.1% in 2023 to 68.1% in 2024 and further decreased to 64.3% in 2025, indicating our improved cost control capabilities. As a result, our overall gross profit margin increased from 18.9% in 2023 to 31.9% in 2024 and further increased to 35.7% in 2025.

Our business and results of operations are also significantly affected by our operating expenses, which comprised selling and distribution expenses, administrative expenses and research and development expenses during the Track Record Period. Our operating expenses as a percentage of revenue decreased from 43.6% in 2023 to 26.3% in 2024 and remained relatively stable at 26.9% in 2025, indicating improved operational efficiency. We believe that as we continue to improve management of costs and expenses, our costs and operating expenses as a percentage of our total revenue will further decrease.

Our Ability to Effectively Operate, Penetrate and Compete in the Global Market

We are a globally leading agricultural robotics company. Our footprint and penetration in overseas markets are critical to our success. We access the overseas market through international distributors. During the Track Record Period, our products are primarily sold in strategic markets in the Americas and Southeast Asia. Our sales in overseas markets demonstrated steady growth during the Track Record Period. Our revenue from overseas markets increased from RMB162.7 million in 2023 to RMB370.9 million in 2024, and further increased to RMB419.0 million in 2025.

In addition, our sales in overseas markets contribute to our improving profitability. We intend to further expand our presence in overseas markets to capitalize on the higher margins and strengthen our global competitiveness. We expect that our reputation and sales in overseas markets will continue to have a significant impact on our business growth and prospects.

Seasonality

Due to the seasonality of agricultural production activities, our results of operations are subject to seasonality. For example, in Chinese Mainland, our sales revenue is more concentrated in the first half of the year, driven by a surge in customer orders ahead of the spring ploughing season at the beginning of the year. Accordingly, our results of operations fluctuate over the year, and our interim results may not be indicative of our annual results. Since the seasonality of our overseas sales complements that of Chinese Mainland, the overall seasonal impact may shift over time as the revenue mix between domestic and overseas markets evolves.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

We have identified certain accounting policies which 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, such as revenue recognition, contract liabilities, financial liabilities, property, plant and equipment and depreciation, inventories, investments and other financial assets, fair value measurement, and share-based payments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

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

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	614,496	1,065,539	1,166,232
Cost of sales	(498,363)	(726,036)	(750,271)
Gross profit	**116,133**	**339,503**	**415,961**
Other income and gains, net	45,113	42,165	50,855
Selling and distribution expenses	(62,798)	(65,811)	(71,539)
Administrative expenses	(45,223)	(54,883)	(65,593)
Research and development expenses	(160,161)	(159,113)	(176,124)
(Impairment)/Reversal of impairment on financial assets, net	884	(4,210)	(2,540)
Other expenses, net	(25,023)	(25,533)	(25,098)
Finance costs	(1,599)	(1,711)	(2,142)
(Loss)/profit before tax	**(132,674)**	**70,407**	**123,780**
Income tax credit/(expense)	(114)	–	1
(Loss)/profit and total comprehensive income for the year	**(132,788)**	**70,407**	**123,781**
Attributable to:			
Owners of the Company	(132,289)	69,418	123,781
Non-controlling interests	(499)	989	–

Non-IFRS Measures

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

We define adjusted net (loss)/profit (non-IFRS measure) as net (loss)/profit for the year adjusted by [**REDACTED**] and share-based payment. The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) to our net (loss)/profit for the year presented in accordance with IFRS for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net (loss)/profit for the year	**(132,788)**	**70,407**	**123,781**
Add:			
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
– Share-based payment[(1)]	(3,556)	1,561	514
Adjusted net (loss)/profit for the year (non-IFRS measure)	**(136,344)**	**71,968**	**137,613**

Note:

(1) Share-based payment is a non-cash item and does not result in cash outflow.

Revenue

In 2023, 2024 and 2025, our revenue amounted to RMB614.5 million, RMB1,065.5 million and RMB1,166.2 million, respectively.

Revenue by Product Line

During the Track Record Period, we mainly generated revenue from the sales of agricultural robotics mainly including agricultural drones, agricultural rovers, autopilot consoles, smart farm IoT products and parts. During the Track Record Period, a majority of our revenue was generated from agricultural drones, which amounted to RMB498.8 million, RMB935.3 million and RMB1,021.7 million in 2023, 2024 and 2025, respectively, accounting for 81.2%, 87.8% and 87.6% of our total revenue in the same respective periods.

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Agricultural drones	498,758	81.2	935,298	87.8	1,021,669	87.6
Agricultural rovers	3,229	0.5	1,486	0.1	17,092	1.5
Autopilot consoles	10,157	1.7	33,771	3.2	17,934	1.5
Smart farm IoT products	8,632	1.4	11,047	1.0	35,746	3.1
Parts	39,356	6.4	62,835	5.9	55,069	4.7
Others[(1)]	54,364	8.8	21,102	2.0	18,722	1.6
Total	**614,496**	**100.0**	**1,065,539**	**100.0**	**1,166,232**	**100.0**

Note:

(1) Others primarily comprised revenue from the provision of after-sales services, including maintenance, repair and services for our agricultural robotics. The decrease in revenue generated from others during the Track Record Period was mainly attributable to a decrease in the revenue generated from after-sales services following the adjustment of our after-sales service model and further improvement of product quality. Before 2023, we adopted a comprehensive service model where users paid a one-time service fee for annual maintenance and parts replacement and we provided repair services through our own service centers and mobile service vehicles. Starting from 2023, we shifted to a new model under which users typically purchased insurance provided by third-party insurers and obtained repairs at authorized third-party service centers, while we only provided limited repair services at our own centers. Under the new model, our revenue mainly derived from paid services at our own service centers, which was significantly lower than the previous one-time service fees. In addition, improved product quality reduced repair frequency, and the expansion of authorized third-party service centers decreased repair volume at our own centers, leading to a decline in revenue generated from the provision of after-sales services.

See "Business — Our Business and Products" for details of the sales volume and ASP of our major agricultural robotics for the Track Record Period.

Revenue by Geographical Region

During the Track Record Period, we generated revenue from Chinese Mainland and overseas markets mainly including the Americas and Southeast Asia. Our revenue generated from Chinese Mainland constituted a substantial portion of our total revenue, which amounted to RMB451.8 million, RMB694.6 million and RMB747.2 million in 2023, 2024 and 2025, respectively, accounting for 73.5%, 65.2% and 64.1% of our total revenue in the same respective periods. During the Track Record Period, our revenue from overseas increased by by 128.0% from RMB162.7 million in 2023 to RMB370.9 million in 2024 and further increased by 13.0% to RMB419.0 million in 2025.

The following table sets forth a breakdown of our revenue by geographical markets in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Chinese Mainland	451,824	73.5	694,615	65.2	747,205	64.1
Overseas[(1)]	162,672	26.5	370,924	34.8	419,027	35.9
Total	**614,496**	**100.0**	**1,065,539**	**100.0**	**1,166,232**	**100.0**

Note:

(1) Mainly including the Americas and Southeast Asia.

Cost of Sales

We had cost of sales of RMB498.4 million, RMB726.0 million and RMB750.3 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our cost of sales primarily consisted of cost of raw materials, production expenses and outsourced production fees, as well as product warranties.

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Cost of raw materials	391,905	78.6	574,433	79.1	613,327	81.7
Production expenses and outsourced production fees	28,635	5.7	65,171	9.0	66,922	8.9
Product warranties	46,238	9.3	48,448	6.7	30,864	4.1
Others[(1)]	31,585	6.4	37,984	5.2	39,158	5.2
Total	**498,363**	**100.0**	**726,036**	**100.0**	**750,271**	**100.0**

Note:

(1) Others primarily comprised outsourced service costs, labor costs and logistics fees.

Gross Profit and Gross Profit Margin

Attributed to the foregoing, we had gross profit RMB116.1 million, RMB339.5 million and RMB416.0 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 18.9%, 31.9% and 35.7% in 2023, 2024 and 2025, respectively.

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

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentages)					
Agricultural drones	115,248	23.1	294,838	31.5	367,034	35.9
Agricultural rovers	1,435	44.4	642	43.2	6,617	38.7
Autopilot consoles	(3,016)[(1)]	(29.7)[(1)]	15,821	46.8	8,396	46.8
Smart farm IoT products	5,571	64.5	3,716	33.6	14,457	40.4
Parts	10,419	26.5	27,521	43.8	18,649	33.9
Others	(13,524)[(2)]	(24.9)[(2)]	(3,035)[(2)]	(14.4)[(2)]	808	4.3
Total	**116,133**	**18.9**	**339,503**	**31.9**	**415,961**	**35.7**

Notes:

(1) The gross loss and gross loss margin in autopilot consoles in 2023 was primarily due to promotional sales.

(2) Others primarily comprised gross loss from the provision of after-sales services due to its inherent characteristics. The decrease in gross loss and gross loss margin in others in 2023 and 2024 was primarily due to (i) reduced after-sales service needs driven by improved product quality and the adjustment of our after-sales service model which changed from a comprehensive self-operated repair model before 2023 to a model with greater reliance on insurance arrangements and authorized third-party service centers in 2023 and 2024, and (ii) enhanced operational efficiency and effective cost control in our after-sales service, which led to lower service costs.

Other Income and Gains, Net

We recorded other income and gains, net of RMB45.1 million, RMB42.2 million and RMB50.9 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our net other income and gains primarily consisted of (i) government grants, mainly representing one-off subsidies granted by the PRC local government authorities for our business operations and research and development activities, which had no unfulfilled condition or contingency attached; (ii) interest income; (iii) revenue from sales of agricultural products and (iv) revenue from sales of raw materials.

The following table sets forth a breakdown of our net other income and gains for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other Income			
Interest income	13,624	12,991	13,136
Government grants	9,221	12,265	14,193
Revenue from sales of agricultural products	6,798	7,634	6,775
Revenue from sales of raw materials	6,674	4,390	4,908
Others	2,111	1,398	2,439
Subtotal	**38,428**	**38,678**	**41,451**
Gains			
Fair value gains from financial assets at fair value through profit or loss	717	1,835	8,641
Foreign exchange gains, net	378	1,652	–
Gain on disposal of items of property, plant and equipment, net	5,590	–	763
Subtotal	**6,685**	**3,487**	**9,404**
Total	**45,113**	**42,165**	**50,855**

Selling and Distribution Expenses

We had selling and distribution expenses of RMB62.8 million, RMB65.8 million and RMB71.5 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our selling and distribution expenses primarily consisted of (i) staff costs; (ii) marketing expenses; (iii) travelling expenses; (iv) depreciation and amortization; (v) professional service fee and (vi) rental, management fee and utilities fee.

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Staff costs	35,103	55.9	38,618	58.7	35,940	50.2
Marketing expenses	7,346	11.7	7,715	11.7	10,118	14.1
Travelling expenses	5,980	9.5	5,324	8.1	7,237	10.1
Depreciation and amortization	6,151	9.8	5,136	7.8	4,805	6.7
Professional service fee	3,349	5.3	4,714	7.2	8,940	12.5

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Rental, management fee and utilities fee	1,178	1.9	1,322	2.0	1,491	2.1
Others[1]	3,691	5.9	2,982	4.5	3,008	4.3
Total	**62,798**	**100.0**	**65,811**	**100.0**	**71,539**	**100.0**

Note:

(1) Others mainly represented office expenditure, training expenses and equity-settled share option expense.

Administrative Expenses

Our administrative expenses amounted to RMB45.2 million, RMB54.9 million and RMB65.6 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs; (ii) depreciation and amortization; (iii) professional service fee mainly related to audit, legal service and business and technology consulting, including [**REDACTED**] expenses relating to the [**REDACTED**]; (iv) rental, management fee, utilities and offices expenditure and (v) equity-settled share option expense.

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Staff costs	35,185	77.8	37,262	67.9	38,526	58.7
Depreciation and amortization	4,769	10.5	5,450	9.9	3,842	5.9
Professional service fee	3,872	8.6	4,995	9.1	16,139	24.6
Rental, management fee, utilities and office expenditure	1,650	3.6	2,219	4.0	1,928	2.9
Equity-settled share option expense	(3,648)[2]	(8.1)	1,496	2,7	469	0.7
Others[1]	3,395	7.6	3,461	6.4	4,689	7.2
Total	**45,223**	**100.0**	**54,883**	**100.0**	**65,593**	**100.0**

Notes:

(1) Others mainly represented tax and surcharges, travelling expenses, bank charges and conference expenses.

(2) We recorded positive equity-settled share option expense in 2023 due to the reversal of expenses upon the departure of certain grantees before the end of the vesting period.

Research and Development Expenses

We had research and development expenses of RMB160.2 million, RMB159.1 million and RMB176.1 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our research and development expenses primarily consisted of (i) staff costs; (ii) materials consumption and (iii) depreciation and amortization.

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Staff costs	121,018	75.6	111,442	70.0	124,002	70.4
Materials consumption	16,160	10.1	27,047	17.0	29,704	16.9
Depreciation and amortization	11,720	7.3	8,556	5.4	7,687	4.4
Others[1]	11,263	7.0	12,068	7.6	14,731	8.3
Total	**160,161**	**100.0**	**159,113**	**100.0**	**176,124**	**100.0**

Note:

(1) Others mainly represented mold cost, office expenses, travelling expenses, IP agency fees and testing fees, rental, management fee and utilities fee, professional service fee and equity-settled share option expense.

(Impairment)/Reversal of Impairment on Financial Assets, Net

Our net impairment losses or reversal of impairment on financial assets mainly represented credit losses or reversal of credit losses on trade receivables and other receivables. During the Track Record Period, we recorded impairment on financial assets, net of RMB4.2 million in 2024, and RMB2.5 million in 2025, and reversal of impairment on financial assets, net of RMB0.9 million in 2023.

Other Expenses, Net

Our other expenses, net mainly consisted of cost of sales of raw materials and agricultural products relating to other income, loss on disposal of fixed assets, loss on disposal of subsidiaries and foreign exchange loss, net, and administrative penalties. We had net other expenses of RMB25.0 million, RMB25.5 million and RMB25.1 million in 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs consisted of interest expenses on lease liabilities and interest expenses on bank and other borrowings. We had finance costs of RMB1.6 million, RMB1.7 million and RMB2.1 million in 2023, 2024 and 2025, respectively.

Income Tax Credit/(Expense)

Our income tax expenses/credits mainly represented the tax payable/receivable on the current period's taxable income based on the applicable income tax rate. We had income tax expense of RMB114.0 thousand, income tax expense of nil and income tax credit of RMB1 thousand in 2023, 2024 and 2025, respectively.

Pursuant to the EIT Law, the subsidiaries which operate in Chinese Mainland are subject to EIT at a rate of 25% on the taxable income except for certain subsidiaries which enjoy a preferential income tax rate. On December 11, 2017, we were accredited as a "High and New Technology Enterprise" ("HNTE"). The HNTE qualification was renewed in 2020 and 2023. Hence, we were entitled to a preferential EIT rate of 15% for the Track Record Period. In addition, several of our subsidiaries in the PRC were qualified as small and micro-sized enterprises, which were also subject to preferential EIT rates. See Note 10 to the Accountants' Report in Appendix I to this Document.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 9.5% from RMB1,065.5 million in 2024 to RMB1,166.2 million in 2025. The overall increase in revenue was primarily due to (i) increased sales of agricultural drones resulting from (a) enhanced customer satisfaction and growing interest of users and distributors driven by our continuous product innovation that improved product quality and delivered pricing advantages, (b) our business expansion in overseas markets, which broadened our customer base and sales reach, (ii) increased sales of smart farm IoT products especially smart electric valves, driven by strong market demand, ongoing product innovation, exceptional cost efficiency and extensive sales channels, and (iii) increased sales of agricultural rovers resulting from the launch of new models in 2025, which featured significant improvements in performance and innovation.

Cost of Sales

Our cost of sales remained relatively stable at RMB726.0 million in 2024 and RMB750.3 million in 2025.

Gross Profit and Gross Profit Margin

Our gross profit increased by 22.5% from RMB339.5 million in 2024 to RMB416.0 million in 2025. Our gross profit margin increased from 31.9% in 2024 to 35.7% in 2025, primarily due to (i) an increase in the gross profit margin of agricultural drones driven by reduced hardware costs as we optimized the drone design through technical innovation to improve cost efficiency while maintaining performance stability, (ii) an increase in the gross profit margin of smart farm IoT products resulting from decreased production costs driven by technical innovation and (iii) an increase in revenue contribution from our overseas sales with relatively higher gross profit margin.

Other Income and Gains, Net

Our net other income and gains increased by 20.6% from RMB42.2 million in 2024 to RMB50.9 million in 2025, primarily due to an increase in fair value gains from financial assets at fair value through profit or loss resulting from the purchase of certain wealth management products.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 8.7% from RMB65.8 million in 2024 to RMB71.5 million in 2025, primarily due to (i) an increase in professional service fee resulting from higher expenses incurred for the expansion of our overseas markets, including export product certification and testing fees and intellectual property agency fees, (ii) an increase in marketing expenses resulting from participation in overseas exhibitions for overseas business expansion and increased advertising and promotional activities on online platforms, and (iii) an increase in travelling expenses resulting from increased overseas marketing activities.

Administrative Expenses

Our administrative expenses increased by 19.5% from RMB54.9 million in 2024 to RMB65.6 million in 2025, primarily due to an increase in professional service fee resulting from higher [**REDACTED**] expenses in relation to the [**REDACTED**].

Research and Development Expenses

Our research and development expenses increased by 10.7% from RMB159.1 million in 2024 to RMB176.1 million in 2025, primarily due to an increase in staff costs resulting from the expansion of our R&D team.

Other Expenses, Net

Our net other expenses decreased by 1.6% from RMB25.5 million in 2024 to RMB25.1 million in 2025, primarily due to a net loss on foreign exchange differences in 2025, partially offset by (i) a decrease in cost of sales of raw materials and (ii) the absence of losses from the disposal of fixed assets and subsidiaries, which had occurred in 2024.

Income Tax Expense/(Credit)

Our income tax expense was nil in 2024 while our income tax credit was RMB1 thousand in 2025, primarily due to the refund of enterprise income tax applicable to 2023.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 75.9% from RMB70.4 million in 2024 to RMB123.8 million in 2025.

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

Revenue

Our revenue increased by 73.4% from RMB614.5 million in 2023 to RMB1,065.5 million in 2024, primarily due to (i) increased sales of agricultural drones resulting from (a) enhanced customer satisfaction and growing interest of users and distributors driven by our continuous product innovation that improved product quality and delivered pricing advantages, (b) our business expansion in overseas markets, which broadened our customer base and sales reach, and (ii) increased sales of smart farm IoT products especially smart electric valves, driven by strong market demand, ongoing product innovation, exceptional cost efficiency and extensive sales channels.

Cost of Sales

Our cost of sales increased by 45.7% from RMB498.4 million in 2023 to RMB726.0 million in 2024, primarily due to an increase in our cost of raw materials resulting from increased product sales.

Gross Profit and Gross Profit Margin

Our gross profit increased by 192.4% from RMB116.1 million in 2023 to RMB339.5 million in 2024. Our gross profit margin increased from 18.9% in 2023 to 31.9% in 2024, primarily due to (i) an increase in the gross profit margin of agricultural drones and parts driven by reduced hardware costs as we optimized the drone design through technical innovation to improve cost efficiency while maintaining performance stability, in particular, the unit cost of motors used in the agricultural drones decreased by approximately 28% from 2023 to 2024 for each unit and (ii) an increase in revenue contribution from our overseas sales with relatively higher gross profit margin.

Other Income and Gains, Net

Our net other income and gains decreased by 6.4% from RMB45.1 million in 2023 to RMB42.2 million in 2024, primarily due to a decrease in gain on disposal of items of property, plant and equipment, net because we recorded a gain on the disposal of our backup equipment and mobile service vehicles in 2023, as we only provided limited repair services through our mobile service vehicles following the adjustment of our after-sales service arrangements.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 4.8% from RMB62.8 million in 2023 to RMB65.8 million in 2024, primarily due to (i) an increase in staff costs and (ii) an increase in rental, management fee and utilities fee resulting from our newly leased properties.

Administrative Expenses

Our administrative expenses increased by 21.5% from RMB45.2 million in 2023 to RMB54.9 million in 2024, primarily due to (i) an increase in equity-settled share option expense in 2024 resulting from the reversal of previously recognized costs following employee departures in 2023, which resulted in a comparatively lower amount in 2023 and (ii) an increase in staff costs.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB160.2 million in 2023 to RMB159.1 million in 2024.

Other expenses, Net

Our net other expenses increased by 2.0% from RMB25.0 million in 2023 to RMB25.5 million in 2024. As a result of an administrative penalty in August 2023 against an immaterial non-compliance incident with respect to certain of our exports, we recorded administrative penalties of RMB10.1 million and nil in 2023 and 2024, respectively, based on the revenues of the relevant export sales recognized in each year. Our other expenses (less administrative penalties) increased by 71.1% from RMB14.9 million in 2023 to RMB25.5 million in 2024, primarily due to (i) an increase in cost of sales of raw materials, (ii) an increase in loss on disposal of fixed assets resulting from the disposal of our backup equipment and service vehicles in 2024, as we only provided limited repair services through our mobile service vehicles following the adjustment of our after-sales service arrangements, and (iii) an increase in loss on disposal of subsidiaries.

Income Tax Credit/(Expense)

We recorded income tax expense of RMB114.0 thousand in 2023 and nil in 2024, primarily due to the utilization of accumulated tax losses, which offset our taxable income in 2024.

(Loss)/Profit for the Year

As a result of the foregoing, our loss for the year was RMB132.8 million in 2023 as compared to profit for the year of RMB70.4 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	74,880	48,198	43,856
Right-of-use assets	50,371	45,850	98,575
Intangible assets	5,794	5,469	5,702
Certificates of deposits	74,695	132,477	256,125
Prepayments, other receivables and other assets	2,698	1,447	3,730
Total non-current assets	**208,438**	**233,441**	**407,988**
Current assets			
Inventories	146,079	227,288	214,773
Trade and bills receivables	9,504	1,833	43,618
Prepayments, other receivables and other assets	69,154	66,100	58,045
Financial assets at fair value through profit or loss	6,007	115,741	146,835
Derivative financial instruments	–	30	2,228
Restricted cash	3,725	82,858	158,219
Certificates of deposits	241,821	77,211	10,984
Time deposits	–	40,024	23,940
Cash and cash equivalents	288,216	415,492	405,411
Total current assets	**764,506**	**1,026,577**	**1,064,053**
Current liabilities			
Trade and bills payables	115,100	293,229	304,434
Other payables and accruals	201,556	144,300	138,478
Derivative financial instruments	–	368	952
Contract liabilities	280,350	353,165	330,244
Interest-bearing bank borrowings	–	29,612	79,438
Lease liabilities	14,229	10,153	13,006
Tax payable	403	–	–
Total current liabilities	**611,638**	**830,827**	**866,552**
Net current (liabilities)/assets	**152,868**	**195,750**	**197,501**
Non-current liabilities			
Lease liabilities	32,473	34,524	84,390
Deferred income	11,480	6,659	8,796
Total non-current liabilities	**43,953**	**41,183**	**93,186**
Net assets	**317,353**	**388,008**	**512,303**

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Equity attributable to owner of the Company			
Share capital	341,398	341,398	341,398
Reserves/(deficits)	(24,369)	46,610	170,905
	317,029	388,008	512,303
Non-controlling interests	**324**	**–**	**–**
Total equity	**317,353**	**388,008**	**512,303**

For details on the accounting treatment of the redemption right (one of the special rights) of the Pre-[**REDACTED**] Investors, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investment — Special rights of the Pre-[**REDACTED**] Investors" and Note 29 to the Accountants' Report in Appendix I to this Document.

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) buildings; (ii) motor vehicles; (iii) plant and machinery; (iv) office and other equipment; (v) leasehold improvements and (vi) construction in progress.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Buildings	20,311	18,889	17,467
Motor vehicles	11,226	2,141	229
Plant and machinery	19,502	11,072	13,308
Office and other equipment	2,785	1,219	572
Leasehold improvements	20,238	14,877	12,280
Construction in progress	818	–	–
Total	**74,880**	**48,198**	**43,856**

Our property, plant and equipment decreased by 35.6% from RMB74.9 million as of December 31, 2023 to RMB48.2 million as of December 31, 2024, and further decreased by 8.9% from RMB48.2 million as of December 31, 2024 to RMB43.9 million as of December 31, 2025, primarily due to depreciation and disposal of certain machinery and motor vehicles.

Right-of-Use Assets

During the Track Record Period, our right-of-use assets primarily consisted of buildings and leasehold land. Our right-of-use assets decreased by 8.9% from RMB50.4 million as of December 31, 2023 to RMB45.9 million as of December 31, 2024, primarily due to depreciation and termination of certain office lease. Our right-of-use assets increased by 114.8% from RMB45.9 million as of December 31, 2024 to RMB98.6 million as of December 31, 2025, primarily due to new leases of office premises.

Intangible Assets

During the Track Record Period, our intangible assets primarily consisted of software, trademarks and patents and domain names. The balance of our intangible assets decreased by 5.2% from RMB5.8 million as of December 31, 2023 to RMB5.5 million as of December 31, 2024, primarily due to amortization. Our intangible assets subsequently increased by 3.6% to RMB5.7 million as of December 31, 2025, primarily due to additional purchases of software products for daily operations.

For details of the impairment assessment of our non-financial assets including property, plant and equipment, right-of-use assets and intangible assets, see Note 13 to the Accountants' Report included in Appendix I to this document.

Inventories

Our inventories primarily consisted of (i) raw materials; (ii) work-in-progress and (iii) finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	157,975	203,789	174,996
Work in progress	14,047	27,356	22,985
Finished goods	72,829	71,671	81,802
Less: Provision for impairment losses on inventories	98,772	75,528	65,010
Total	**146,079**	**227,288**	**214,773**

Our inventories increased by 55.6% from RMB146.1 million as of December 31, 2023 to RMB227.3 million as of December 31, 2024, primarily due to an increase in raw materials in line with our business expansion. Our inventories decreased by 5.5% from RMB227.3 million as of December 31, 2024 to RMB214.8 million as of December 31, 2025, primarily due to increased sales of our products and improved inventory management and production planning.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	117,874	225,635	211,518
1 to 2 years	45,656	13,106	22,322
2 to 3 years	62,098	23,385	7,529
Over 3 years	19,223	40,690	38,414
Less: provision for impairment losses on inventories	98,772	75,528	65,010
Total	**146,079**	**227,288**	**214,773**

As of December 31, 2023, 2024 and 2025, we recorded provision for impairment losses on inventories of RMB98.8 million, RMB75.5 million and RMB65.0 million, respectively. During the Track Record Period, we maintained a relatively high level of provision for impairment losses on inventories, primarily due to the accumulation of raw materials in response to projected customer orders and business expansion in prior years. However, as certain raw materials became obsolete, slow-moving or no longer recoverable or suitable for use in production, we made corresponding provisions. With the enhancement of our inventory management, the provision for impairment losses on inventories has shown a downward trend during the Track Record Period. For our policy of inventory provisions, see Note 2.3 to the Accountants' Report included in Appendix I to this document.

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

	Year ended December 31,		
	2023	**2024**	**2025**
		(days)	
Inventory turnover days[(1)]	217.4	137.7	141.7

Note:

(1) Inventory turnover days for a year equal the average of the gross value of the opening and closing inventory balance (before provision for impairment losses on inventories) divided by cost of sales for the relevant year and multiplied by the number of days in the relevant year, which is 365 days for each year.

Our inventory turnover days decreased from 217.4 days in 2023 to 137.7 days in 2024, primarily due to our enhanced management of inventories and our improved operating performance. Our inventory turnover days remained relatively stable at 137.7 days in 2024 and 141.7 days in 2025.

As of January 31, 2026, approximately RMB93.3 million or 43.4% of our inventories as of December 31, 2025 had been utilized or sold.

We believe that there is no impairment issue in respect of our inventories. Our inventory turnover days have also shown a downward trend decreasing from 217.4 days in 2023 to 137.7 days in 2024, and remainly relatively stable at 141.7 days in 2025. In addition, we have adopted prudent inventory management and impairment assessment policies. Specifically, we assess inventories at each balance sheet date and make provisions for obsolete or slow-moving items based on their net realizable value, taking into account factors such as technological changes and the ageing of inventories. For obsolete or slow-moving inventories with an ageing of over three years, including finished goods and dedicated raw materials for discontinued models, we have made full impairment provisions. For other inventories, we compare their carrying amounts with estimated net realizable values and recognize impairment where necessary. In light of the above assessment procedures, and the inventory management measures and arrangements to prevent obsolescence as set out in "Business — Procurement, Inventory Management and Logistics — Inventory Management," our Directors are of the view that adequate and reasonable provisions for inventory impairment have been made, and that there is no material impairment issue in respect of our inventories.

Trade and Bills Receivables

Our trade and bills receivables represented the outstanding receivables from our customers during our ordinary course of business. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade receivables	11,268	6,823	50,731
Bills receivables	1,000	900	1,000
Impairment	(2,764)	(5,890)	(8,113)
Total	**9,504**	**1,833**	**43,618**

Our trade and bills receivables decreased by 81.1% from RMB9.5 million as of December 31, 2023 to RMB1.8 million as of December 31, 2024, primarily due to collection of outstanding receivables and the recognition of bad debt provisions. Our trade and bills receivables increased significantly from RMB1.8 million as of December 31, 2024 to RMB43.6 million as of December 31, 2025, primarily due to the implementation of new credit policies for certain overseas customers starting from 2025 to expand our overseas business. Under these new policies, we began to offer credit terms to selected overseas distributors, shifting from our previous prepayment-only model to support business growth and strengthen relationships with key international partners.

The following table sets forth an aging analysis of our trade receivables (net of loss allowance) based on the invoice dates as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 1 year	9,401	1,758	43,431
1 to 2 years	48	73	184
2 to 3 years	55	2	3
Total	**9,504**	**1,833**	**43,618**

We primarily receive advance payments from certain customers under our trading terms, except for certain overseas customers starting from January 1, 2025, and several domestic customers, where credit period is generally 60 to 360 days. We seek to maintain strict control over our outstanding receivables and we have a credit control department to minimize credit risk. Overdue balances are reviewed regularly by our management. During the Track Record Period, substantially all of our trade receivables, being 98.9%, 95.9% and 99.6% as of December 31, 2023, 2024 and 2025, respectively, were aged within one year. For our policy of trade receivable provisions, see Note 2.3 and Note 19 to the Accountants' Report included in Appendix I to this document.

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

	Year ended December 31,		
	2023	2024	2025
		(days)	
Trade and bills receivables turnover days(1)	5.4	3.4	9.3

Note:

(1) Trade and bills receivables turnover days for a year equal the average of opening and closing balance of trade and bills receivables (before impairment) for the relevant year divided by revenue for the relevant year and multiplied by the number of days in the relevant year, which is 365 days for each year.

Our trade and bills receivable turnover days decreased from 5.4 days in 2023 to 3.4 days in 2024, primarily because our revenue grew significantly in 2024 while we continued to rely primarily on advance payments from customers. Our trade and bills receivables turnover days increased from 3.4 days to 9.3 days in 2025, primarily due to the implementation of new credit policies for certain overseas customers starting from 2025.

As of January 31, 2026, approximately RMB15.5 million, or 35.5% of our trade and bills receivables as of December 31, 2025, had been settled.

In relation to trade and bills receivables of RMB31.6 million as of January 31, 2026, we believe there was no material recoverability issue with such outstanding balances and that sufficient provisions have been made, for the following reasons: (i) the majority of the outstanding balance was generally within the credit period granted to our customers or in accordance with relevant settlement procedures implemented by either us or our customers; (ii) we closely monitor the balances of trade and bills receivables and regularly assess the recoverability of overdue amounts. Our finance department analyses the ageing profile of trade and bills receivables on a regular basis, identifies potential risks, and takes appropriate collection measures. Provisions for impairment are made on a quarterly basis, with different provision rates applied to different ageing categories; (iii) we have adopted an impairment policy in accordance with IFRS 9, under which trade and bills receivable are grouped by similar credit risk characteristics and collectively assessed for expected credit losses, taking into account historical credit loss experience and forward-looking information. We apply the simplified approach to measure expected credit losses throughout the life of the financial assets from initial recognition. In general, full impairment provisions are made for trade receivables that are overdue for more than three years and are considered unlikely to be recovered. We conduct regular reviews of our impairment estimates and adjust the carrying amounts of trade and bills receivables and the related impairment losses as appropriate, to ensure that the provisions accurately reflect the current status of our trade and bills receivables; and (iv) our customers generally enjoy good credit quality and we have not had any material collection issues with our customers during the Track Record Period and up to the Latest Practicable Date.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consisted of (i) value-added tax recoverable; (ii) prepayments which mainly represented prepayments to raw material suppliers; (iii) deposits which mainly represented deposits for leases and (iv) other receivables. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Value-added tax recoverable	54,940	53,563	41,336
Prepayments	9,540	9,355	9,386
Deposits	6,317	4,125	6,675
Other receivables	1,272	1,771	1,382
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Less: Non-current portion	(2,698)	(1,447)	(3,730)
Provision for impairment of other receivables	(217)	(1,267)	(1,436)
Total	**69,154**	**66,100**	**58,045**

Our prepayments, other receivables and other assets decreased by 4.5% from RMB69.2 million as of December 31, 2023 to RMB66.1 million as of December 31, 2024, primarily due to (i) a decrease in value-added tax recoverable driven by increased utilization of input value-added tax in line with our growing sales, (ii) a decrease in prepayments as our increased business scale and deepened cooperation with suppliers enhanced our bargaining power and (iii) a decrease in deposits resulting from termination of certain leases. Our prepayments, other receivables and other assets decreased by 12.3% from RMB66.1 million as of December 31, 2024 to RMB58.0 million as of December 31, 2025, primarily due to a decrease in value-added tax recoverable driven by increased utilization of input value-added tax in line with our growing sales.

As of January 31, 2026, approximately RMB18.6 million, or 30.2% of our prepayments, other receivables and other assets as of December 31, 2025 had been settled.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss primarily represented our wealth management products. Our financial assets at fair value through profit or loss increased significantly from RMB6.0 million as of December 31, 2023 to RMB115.7 million as of December 31, 2024, and further increased by 26.9% from RMB115.7 million as of December 31, 2024 to RMB146.8 million as of December 31, 2025, primarily due to our purchase of certain wealth management products.

We primarily invest in short-term and low-risk wealth management products issued by reputable financial institutions to ensure controllable risk exposure from our investments. We have implemented internal policies on purchase and management of wealth management products. The investment decisions are made on a case-by-case basis after careful consideration of a number of factors, such as general market condition, credit of the commercial banks, our cash flow performance and the expected profit or potential loss of the investments. Such investments are also subject to multi-layer approval processes.

Upon [**REDACTED**], we intend to continue our investments in wealth management products with banks or other reputable financial institutions, strictly in accordance with our internal policies, and, to the extent that an investment in wealth management products is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

Trade and Bills Payables

Our trade and bills payables were primarily related to the amounts payable to suppliers. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables	76,214	179,596	224,089
Bills payables	38,886	113,633	80,345
Total	**115,100**	**293,229**	**304,434**

Our trade and bills payables increased by 154.7% from RMB115.1 million as of December 31, 2023 to RMB293.2 million as of December 31, 2024, primarily due to an increase in procurement of raw materials in line with our business expansion. Our trade and bills payables increased by 3.8% from RMB293.2 million as of December 31, 2024 to RMB304.4 million as of December 31, 2025, primarily due to an increase in procurement of raw materials in line with our business expansion. Although our inventories decreased over the same period, our trade and bills payables increased as we placed larger purchase orders with suppliers to support the increase in our sales volume.

Our suppliers generally granted us a credit period of 30 to 120 days during the Track Record Period. The following table sets forth an aging analysis of the trade and bills payables based on the invoice dates as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	114,069	292,208	303,870
1 to 2 years	713	406	157
2 to 3 years	83	332	57
Over 3 years	235	283	350
Total	**115,100**	**293,229**	**304,434**

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

	Year ended December 31,		
	2023	2024	2025
	(days)		
Trade and bills payables turnover days[(1)]	97.0	102.6	145.9

Note:

(1) Trade and bills payables turnover days for a year equal the average of the opening and closing balance of trade and bills payables for the relevant year divided by the cost of sales for the relevant year and multiplied by the number of days in the relevant year, which is 365 days for each year.

Our trade and bills payables turnover days were 97.0 days, 102.6 days and 145.9 days in 2023, 2024 and 2025, reflecting the expansion of our business scale and the optimization of payment terms under long-term and stable cooperation with our suppliers.

As of January 31, 2026, approximately RMB89.9 million, or 29.5% of our trade and bills payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) payroll payable; (ii) deposits received, mainly representing the security deposits from our distributors; (iii) output VAT to be transferred; (iv) other tax payables; (v) product warranty provision; (vi) government grants; (vii) provisions and accruals and (viii) other payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payroll payable	35,416	35,926	38,737
Deposits received	25,820	33,448	35,926
Output VAT to be transferred	24,220	31,721	28,940
Other tax payables	1,374	1,572	1,815
Product warranty provision	14,266	20,848	16,921
Government grants	11,630	14,280	-
Provisions and accruals	2,455	5,755	9,466
Other payables[(1)]	86,375	750	6,673
Total	**201,556**	**144,300**	**138,478**

Note:

(1) Other payables mainly included payables of an administrative penalty in August 2023 against an immaterial non-compliance incident with respect to certain of our exports. We have settled such penalty by June 2024.

Our other payables and accruals decreased by 28.4% to RMB144.3 million as of December 31, 2024, primarily due to our settlement of penalties in June 2024. Our other payables and accruals then decreased by 4.0% from RMB144.3 million as of December 31, 2024 to RMB138.5 million as of December 31, 2025, primarily due to a decrease in accruals related to government grants resulting from the fulfillment of obligations related to government grants with no further repayment in the future.

As of January 31, 2026, approximately RMB9.0 million, or 6.5% of our other payables and accruals as of December 31, 2025 had been settled.

Contract Liabilities

Our contract liabilities primarily represented advance payments received from customers in accordance with contractual agreements. Our contract liabilities increased by 26.0% to RMB353.2 million as of December 31, 2024, primarily due to increasing orders from customers for the new products launched in 2023 and 2024. Our contract liabilities subsequently decreased by 6.5% from RMB353.2 million as of December 31, 2024 to RMB330.2 million as of December 31, 2025, primarily due to the recognition of revenue upon fulfillment of performance obligations for advance payments received as of December 31, 2024, as well as the granting of credit terms to several major overseas customers in 2025.

As of January 31, 2026, approximately RMB136.2 million, or 41.2% of contract liabilities as of December 31, 2025, had been recognized as revenue subsequent to December 31, 2025.

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,		
	2023	**2024**	**2025**
Gross profit margin (%)[1]	18.9	31.9	35.7
Net (loss)/profit margin (%)[2]	(21.6)	6.6	10.6
Current ratio (times)[3]	1.2	1.2	1.2
Quick ratio (times)[4]	1.0	1.0	1.0

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net (loss)/profit margin equals net (loss)/profit for the year divided by revenue for the year and multiplied by 100%.

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

(4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations and equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB288.2 million, RMB415.5 million and RMB405.4 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow, equity and debt financing and the estimated net [**REDACTED**] received from the [**REDACTED**].

Cash Flow

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

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows generated from operating activities	54,310	190,246	150,769
Net cash flows generated from/(used in) investing activities	57,076	(76,068)	(183,815)
Net cash flows generated from/(used in) financing activities	(8,987)	11,702	28,314
Net (decrease)/increase in cash and cash equivalents	102,399	125,880	(4,732)
Cash and cash equivalents at beginning of year	185,602	288,216	415,492
Cash and cash equivalents at end of year	**288,216**	**415,492**	**405,411**

Net Cash Flows Generated from Operating Activities

In 2025, our net cash flows generated from operating activities were RMB150.8 million, which was primarily attributed to our profit before tax of RMB123.8 million, interest received of RMB7.4 million, as adjusted by non-cash and non-operating items, primarily comprising (i) provision for impairment of inventories to net realizable value of RMB23.5 million, (ii) depreciation of right-of-use assets of RMB15.1 million and (iii) depreciation of property, plant and equipment of RMB10.0 million, and changes in working capital, primarily comprising (i) decrease in restricted cash of RMB37.4 million, and (ii) increase in trade and bills payables of RMB11.2 million, partially offset by (i) increase in trade and bills receivables of RMB44.0 million, (ii) decrease in contract liabilities of RMB22.9 million and (iii) increase in inventories of RMB11.0 million.

In 2024, our net cash flows generated from operating activities were RMB190.2 million, which was primarily attributed to our profit before tax of RMB70.4 million, interest received of RMB5.4 million and income tax paid of RMB0.1 million, as adjusted by non-cash and non-operating items, primarily comprising (i) provision for impairment of inventories to net realizable value of RMB31.3 million, (ii) depreciation of property, plant and equipment of RMB20.4 million and (iii) depreciation of right-of-use assets of RMB18.6 million, and changes in working capital, primarily comprising (i) increase in trade and bills payables of RMB178.3 million; and (ii) increase in contract liabilities of RMB72.8 million, partially offset by (i) increase in inventories of RMB113.8 million, (ii) decrease in other payables and accruals of RMB55.3 million and (iii) increase in restricted cash of RMB35.9 million.

In 2023, our net cash flows generated from operating activities were RMB54.3 million, which was primarily attributed to our loss before tax of RMB132.7 million, interest received of RMB2.8 million, and income tax refunded of RMB0.8 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB34.0 million; (ii) provision for impairment of inventories to net realizable value of RMB27.6 million and (iii) depreciation of right-of-use assets of RMB20.1 million, and changes in working capital, primarily comprising (i) increase in contract liabilities of RMB80.1 million; and (ii) decrease in inventories of RMB66.0 million, partially offset by decrease in trade and bills payables of RMB34.6 million.

Net Cash Flows Generated from/(Used in) Investing Activities

In 2025, our net cash flows used in investing activities were RMB183.8 million, which was primarily attributable to (i) purchases of financial assets at fair value through profit or loss of RMB451.5 million, (ii) purchases of certificates of deposits and time deposits of RMB257.9 million and increase in restricted cash of RMB112.8 million, partially offset by (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB423.8 million and (ii) proceeds from redemption of certificates of deposits and time deposits of RMB222.3 million.

In 2024, our net cash flows used in investing activities were RMB76.1 million, which was primarily attributable to (i) purchases of financial assets at fair value through profit or loss of RMB521.6 million and (ii) purchases of certificates of deposits and time deposits of RMB170.3 million, partially offset by (i) proceeds from redemption of certificates of deposits and time deposits of RMB244.7 million and (ii) proceeds from disposal of financial assets at fair value through profit or loss of RMB415.1 million.

In 2023, our net cash flows generated from investing activities were RMB57.1 million, which was primarily attributable to (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB32.2 million, (ii) proceeds from redemption of certificates of deposits and time deposits of RMB20.0 million and (iii) proceeds from disposal of items of property, plant and equipment of RMB17.6 million, partially offset by (i) purchases of items of property, plant and equipment of RMB7.9 million and (ii) purchases of financial assets at fair value through profit or loss of RMB3.9 million.

Net Cash Flows (Used in)/Generated from Financing Activities

In 2025, our net cash flows generated from financing activities were RMB28.3 million, which was primarily attributable to new bank borrowings of RMB80.0 million, partially offset by (i) repayment of bank borrowings of RMB30.0 million and (ii) payment of lease liabilities of RMB16.6 million.

In 2024, our net cash flows generated from financing activities were RMB11.7 million, which was primarily attributable to new bank borrowings of RMB30.1 million, partially offset by payment of lease liabilities of RMB17.9 million.

In 2023, our net cash flows used in financing activities were RMB9.0 million, which was primarily attributable to (i) capital contribution by shareholders of RMB25.5 million and (ii) decrease in restricted cash of RMB8.1 million, partially offset by (i) payment of lease liabilities of RMB22.5 million and (ii) repayment of bank borrowings of RMB20.0 million.

Net Current (Liabilities)/Assets

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

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current assets				
Inventories	146,079	227,288	214,773	236,226
Trade and bills receivables	9,504	1,833	43,618	31,640
Prepayments, other receivables and other assets	69,154	66,100	58,045	63,516
Financial assets at fair value through profit or loss	6,007	115,741	146,835	167,117
Derivative financial instruments	–	30	2,228	515
Restricted cash	3,725	82,858	158,219	170,298
Certificate of deposits	241,821	77,211	10,984	–
Time deposits	–	40,024	23,940	23,940
Cash and cash equivalents	288,216	415,492	405,411	358,953
Total current assets	**764,506**	**1,026,577**	**1,064,053**	**1,052,205**
Current liabilities				
Trade and bills payables	115,100	293,229	304,434	371,626
Other payables and accruals	201,556	144,300	138,478	136,103
Derivative financial instruments	–	368	952	650
Contract liabilities	280,350	353,165	330,244	253,597
Interest-bearing bank borrowings	–	29,612	79,438	99,527
Lease liabilities	14,229	10,153	13,006	13,435
Tax payable	403	–	–	–
Total current liabilities	**611,638**	**830,827**	**866,552**	**874,938**
Net current (liabilities)/assets	**152,868**	**195,750**	**197,501**	**177,267**

Our net current assets decreased from RMB197.5 million as of December 31, 2025 to RMB177.3 million as of January 31, 2026, primarily due to (i) a decrease in cash and cash equivalents resulting from increased net cash outflow from operating activities, (ii) an increase in trade and bills payables due to the procurement of raw materials for our production, (iii) an increase in interest-bearing bank borrowings to supplement our working capital, partially offset by a decrease in contract liabilities due to delivery of new products and corresponding revenue recognition in 2025.

Our net current assets remained relatively stable at RMB195.8 million as of December 31, 2024 and RMB197.5 million as of December 31, 2025.

Our net current assets increased by 28.1% from RMB152.9 million as of December 31, 2023 to RMB195.8 million as of December 31, 2024. The increase was primarily due to (i) an increase in cash and cash equivalents resulting from increased net cash inflow from operating activities, (ii) an increase in our financial assets at fair value through profit or loss due to our purchase of certain wealth management products, (iii) an increase in inventories driven by our business expansion and (iv) an increase in restricted cash due to the payment of margin deposits for bank acceptance bills and the restriction on the use of principal for foreign exchange swap transactions, partially offset by (i) an increase in trade and bills payables resulting from the increased procurement of raw materials in line with our business expansion, (ii) a decrease in certificates of deposits due to strategic allocation of our cash resources and (iii) an increase in contract liabilities due to higher advanced payment resulting from more customer orders for the new products launched in 2024.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and January 31, 2026, we had a total indebtedness of RMB46.7 million, RMB74.3 million, RMB176.8 million and RMB196.4 million, respectively.

The following table sets forth our lease liabilities and interest-bearing bank borrowings in absolute amounts as of the dates indicated:

	As of December 31,			As of January 31,
	2023	**2024**	**2025**	**2026**
		(RMB in thousands)		
				(Unaudited)
Current				
Interest-bearing bank borrowings	–	29,612	79,438	99,527
Lease liabilities	14,229	10,153	13,006	13,435
Non-Current				
Lease liabilities	32,473	34,524	84,390	83,392
Total	**46,702**	**74,289**	**176,834**	**196,354**

Interest-bearing Bank Borrowings

We had interest-bearing bank borrowings of nil, RMB29.6 million, RMB79.4 million and RMB99.5 million as of December 31, 2023, 2024, 2025 and January 31, 2026, respectively, all of which were repayable within one year on demand. The effective interest rate of our interest-bearing bank borrowings ranges from 1.29% to 2.80%. As of January 31, 2026, our committed unutilized banking facilities amounted to RMB1,041.3 million.

Our bank borrowings contain standard terms, conditions and covenants that are customary for commercial bank borrowings in China. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities were primarily related to our leases for office buildings, factories and warehouses. Our lease liabilities decreased from RMB46.7 million as of December 31, 2023 to RMB44.7 million as of December 31, 2024, primarily due to the termination of certain leases. Our lease liabilities increased from RMB44.7 million as of December 31, 2024 to RMB97.4 million as of December 31, 2025, primarily due to new leases of office premises.

Save as disclosed above, as of January 31, 2026, we had no bank borrowings or other borrowings, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities. Since January 31, 2026 and up to the date of this document, there had not been any material change in our indebtedness.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

At the end of each of Track Record Period, we did not have any significant capital commitments.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily related to our purchases of items of property, plant and equipment and intangible assets. Our capital expenditures in 2023, 2024 and 2025 were RMB8.8 million, RMB13.4 million and RMB11.1 million, respectively. The following table sets forth the details of our capital expenditures for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchases of items of property, plant and equipment	7,864	12,071	8,938
Purchases of items of intangible assets	938	1,303	2,159
Total	**8,802**	**13,374**	**11,097**

We funded our capital expenditure requirements during the Track Record Period mainly from cash generated from operations and equity financing. We intend to fund our future capital expenditures and long-term investments with a combination of operating cashflow, equity and debt financing and net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 35 to the Accountants' Report in Appendix I to this Document.

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

FINANCIAL RISK

Our principal financial instruments comprise financial assets at fair value through profit or loss, certificates of deposits, time deposits, cash and cash equivalents, interest-bearing bank borrowings and lease liabilities. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade receivables and trade and bills payables, which arise directly from our operations.

The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. Our management review and agree policies for managing each of these risks and they are summarized below. See Note 38 to the Accountants' Report in Appendix I to this Document.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

Credit Risk

We trade only with the recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The credit risk of our other financial assets, which comprise cash and cash equivalents, time deposits, restricted cash, certificates of deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. Our objective is to maintain sufficient cash and cash equivalents and have available funding through operation and financial support from bank borrowings.

DIVIDENDS

No dividends were paid or declared by our Company during the Track Record Period. We do not have any dividend policy. Any future determination to pay dividends, as well as the amount will be made at the discretion of our Board of Directors which will be subject to the corporate shareholder approval processes and may be based on a number of factors, including but not limited to our future operations and earnings, capital requirements and surplus, cash flows and general financial condition, contractual restrictions, taxation and other factors from time to time that the Board of Directors may deem relevant, and will also be subject to our Articles of Association and constitutional documents, as well as applicable laws and regulations. As advised by our PRC Legal Advisor, we are not allowed to make dividend payments if we have accumulated losses. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As a result, even if we achieved profitability in 2024, we will not be able to distribute dividends to our Shareholders as we have not yet offset our accumulated losses.

WORKING CAPITAL CONFIRMATION

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

DISTRIBUTABLE RESERVES

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

[REDACTED] EXPENSE

[**REDACTED**] expenses consist of professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] range and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] expenses to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees, and HK$[**REDACTED**] in [**REDACTED**] fees comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Among of the total [**REDACTED**] expenses, approximately HK$[**REDACTED**] will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], HK$[**REDACTED**] has been charged to our consolidated statements of profit or loss and other comprehensive income in the year ended ended December 31, 2025 and the remaining HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive income.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

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

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this Document, there had been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the years reported in Appendix I to this Document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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