The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

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, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. 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 purposes of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We are a leading comprehensive analog IC company. We design, develop and sell high-performance analog ICs and sensors that sense, amplify, convert and power, forming the fundamental building blocks of all electronic systems. Since our founding in 2007, we have developed a comprehensive and expanding product portfolio that extends the reach of what electronics can achieve. With over 6,800 analog and sensor products spanning 38 categories as of the Latest Practicable Date, we offer system-ready solutions backed by superior design and process capabilities that shorten time-to-market. We deliver analog advances that move customers forward in every generation of their designs and innovations. Having long been core components in end markets such as industrial, networking and consumer electronics, our products are also contributing to broader uptake in applications across EVs, data centers, robotics, renewable energy and next-generation consumer devices.

We offer a wide, differentiated portfolio of general-purpose and application-optimized analog products, encompassing signal chain and power management, the twin pillars of our product matrix that define our role as a major provider of comprehensive analog ICs. Our signal chain ICs help electronic devices interpret the physical world. They take signals that come from sensors and prepare them for digital processing. Our signal chain ICs capture, condition and amplify signals from the physical world and convert them into digital data with high accuracy. Our products maintain data integrity from the point of acquisition to the final output, which is important for applications that require precise measurement, low noise and minimal error. Our power management ICs control how energy is delivered within an electronic device. They determine how much power each part of a device receives, convert power into the levels required by different components and distribute power safely through the system. They also guard against issues such as surges or irregular power flow. By keeping power steady and well regulated, the products help systems operate reliably and use energy efficiently. Complementing our analog portfolio, we also provide a specialized range of sensors that mark the entry point of connection between the real and digital worlds, delivering high-precision measurement and monitoring of key environmental and physical parameters.

In 2023, 2024 and 2025, our revenue amounted to RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, representing a CAGR of 22.1% from 2023 to 2025. We maintained sustainable profitability throughout the Track Record Period. Our gross profit margin was 44.9%, 47.2%, and 46.2%, respectively. We recorded adjusted net profit (non-IFRS measure) of RMB388.7 million, RMB576.0 million, and RMB693.5 million, respectively.

BASIS OF PREPARATION AND PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information. It also requires management to make judgments, estimates and assumptions in the process of applying our accounting policies. Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in the Accountants' Report included in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, materially affected by the following factors.

Company-specific Factors

General market conditions in our industry

We primarily engage in designing, developing, and selling analog ICs, and our business and financial performance is affected by the global and China's analog IC market conditions. These market conditions are further substantially influenced by supply-demand dynamics, which are subject to various factors beyond our control. Such factors include competition, technological advancements, as well as market preferences. If the supply of analog ICs exceeds the demand, the demand for our products could be adversely affected. According to Frost & Sullivan, China's analog IC industry experienced a cyclical downturn in 2023, primarily due to macroeconomic challenges and weak overall semiconductor demand. And our revenue in 2023 declined compared to the prior year.

Notably, the industry began to show signs of recovery in 2024 and we have achieved growth and outperformed industry cycles by delivering high-performance solutions that meet specific industry and customer demands. We are deeply embedded in the technological evolution of high-growth sectors and we will continue to leverage our technological capabilities, deepen customer insight and strengthen our market position to drive steady growth and enhance profitability.

Our ability to diversify and expand our product offerings

Our competitive strength lies in our diverse and adaptable product offerings that cater to a wide range of needs, and our comprehensive analog portfolio strengthens our risk resistance and cycle resilience. The ability to offer diversified analog ICs is one of the most important factors affecting our results of operations and financial condition. We have engineered the most comprehensive analog and sensor portfolio in China, according to Frost & Sullivan, with over 6,800 products across

38 categories, providing our customers with distinctive breadth and depth to address complex design challenges across industries. In 2023, 2024 and 2025, we achieved sales volume of 4,498.1 million units, 5,964.1 million units, and 7,862.7 million units, respectively.

The mix of analog IC products and the price of each product we provide are also among the primary factors that affect our revenue and profitability. During the Track Record Period, we primarily derived our revenue from the sale of signal chain ICs and power management ICs. We maintained sustainable profitability throughout the Track Record Period despite the industry downturn in 2023. In 2023, 2024 and 2025, our revenue was RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, respectively, and our adjusted net profit (non-IFRS measure) was RMB388.7 million, RMB576.0 million and RMB693.5 million, respectively. Our product mix may fluctuate in response to the technological changes in the industries and markets to which our products are sold, and the changes in market demand. We aim to further enrich our product portfolio in the future.

Continuous investment in R&D talents and technologies

To maintain our competitiveness in the global and China's analog IC industry and achieve sustainable growth, we must continuously implement new technologies into our products in a timely and effective manner to meet the ever-changing needs of our customers. Building on our extensive R&D expertise in analog ICs, we are accelerating R&D and core IP expansion in critical analog domains to drive technological breakthroughs across our entire product portfolio.

Leveraging our proprietary technologies, our analog ICs have achieved reliability and stability in accordance with industry standards, and we are able to supply end customers with different reliable products. To extend our technology leadership in the analog IC industry, we have made significant investments in upgrading our technology capabilities and R&D infrastructure. In 2023, 2024 and 2025, we incurred R&D expenses of RMB737.1 million, RMB870.7 million and RMB1,045.2 million, respectively. Going forward, we will continue to invest resources in R&D to support the long-term growth of our business.

The growth of our business also depends largely on our R&D talents. We have established a comprehensive R&D system and training mechanism to cultivate R&D team. As of December 31, 2025, our R&D team comprised 1,335 research and engineering personnel, accounting for approximately 72.8% of our total number of employees. Our R&D team members possess profound professional expertise, with 56.3% holding a master's degree or above. More than 31% of our R&D team have accrued more than ten years of domain expertise, including a core group of approximately 100 personnel with over two decades of expertise in their fields. As we believe our success will significantly depend on our ability to maintain a leading R&D team in our industry, we will continue to invest more resources to attract more talented R&D personnel.

Our ability to efficiently manage our sales network and enhance the market acceptance of our products

During the Track Record Period, we strategically collaborate with distributors to expand our market reach and effectively serve the needs of customers in various regions. We have made proactive efforts in product promotion and global market expansion, which has contributed significantly to the expansion of our market reach and customer base, and, as a result, the growth of our sales volume and revenue. During the Track Record Period, we primarily sold and marketed our products and provided services through distribution channels. In 2023, 2024 and 2025, our revenue generated from sales to distributors amounted to RMB2,388.8 million, RMB2,999.0 million and RMB3,609.9 million respectively, accounting for 91.3%, 89.6% and 92.6%, respectively, of our revenue for the corresponding periods. Our distributors amplify our market presence through their established networks and deep local insights. As a result, our ability to expand and efficiently manage our sales and distribution network remains critical to our business and financial performance.

In addition, we leverage our comprehensive products portfolio to meet varied needs for customers across different industries. We monitor changes in market demand and leverage our strong technical capabilities to meet higher requirements of our customers for the performance and stability of analog IC products. This breadth in capabilities helps foster customer loyalty, enhance the market acceptance of our products and therefore increase our revenue. Our strategic partnerships with major customers further establish us as a trusted provider in the market, while our reputation for reliability and innovation attracts new end customers across additional regions and sectors. In the future, we will continue to deepen our relationship with existing distributors, direct sale customers and our end customers, and expand sales channels to attract new customers in critical end markets.

Relationship with our major suppliers

We operate under a "fabless+" model, so that we centered on our core competencies in R&D and sales. We outsource our major manufacturing processes, including wafer fabrication, packaging, and testing, to third-party suppliers. During the Track Record Period, we established strong and long-term cooperation with several major suppliers for wafer fabrication, packaging and testing. See "Business—Our Fabless+ Model" and "Business—Supply Chain Management" for more details. Therefore, our ability to maintain long-term stable business relationships with our major suppliers to provide us with qualified wafers and packaging and testing services on a timely basis is crucial for our business development and results of operations. We believe our efficient supply chain management enables us to quickly launch and upgrade our product mix in response to customer demand. We also seek to enhance our bargaining power in supply purchases by leveraging our growing procurement scale.

However, supply chain disruptions and manufacturing capacity limitations may result in delayed delivery. See "Risk Factors—Risks Relating to Our Business and Industry—We depend on a limited number of third-party suppliers to manufacture our products" for more details. During the Track Record Period, we were not subject to shortages in the supply of raw materials or services from our suppliers. We do not anticipate any supply chain constraints that would materially and adversely affect our business and results of operations.

General Factors

In addition, our results of operations and financial position have been and are expected to be affected by the following general factors:

- global and China's macroeconomic conditions;
- technology development and competition in the analog IC industry; and
- relevant Laws and Regulations, and Governmental Policies and Initiatives.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

We set forth below accounting policies that we believe involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue from the sale of products (mainly signal chain ICs and power management ICs) is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products or customer's acceptance of the products. For contracts which provide a customer with a right to return the goods within a specified period, we base our estimates of sales return on historical results. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer. For details, see Note 2.3 to the Accountants' Report in Appendix I to this document.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is mainly determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Share-based Payments

We operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards is determined by an external valuer using the Black-Scholes formula. Since there are no cash settlement alternatives, we account for the share-based payment schemes as equity-settled share-based schemes, further details are included in Note 34 to the Accountants' Report in Appendix I to this document.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the period during the Track Record Period until the vesting date reflects the extent to which the vesting period has expired and the our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The annual depreciation rates used for this purpose are as follows:

	Useful lives (year)	Residual value rate	Annual depreciation rate
Motor vehicles	4	—	25.00%
Office furniture	5	—	20.00%
Electronic equipment and others	3-10	—	33.33%-10.00%
Buildings	30	—	3.33%
Leasehold improvements	3-5		33.33%-20.00%
Special Tooling	2	—	50.00%

Leasehold improvements shall be amortized over the lease term or their useful lives, whichever is shorter, with no residual value.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investments in Associates

An associate is an entity in which we have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Our investments in associates is stated in the consolidated statement of financial position at our share of net assets under the equity method of accounting, less any impairment losses.

Our share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated statements of comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, we recognize its share of any changes in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between us and our associates are eliminated to the extent of our investments in the associates, except where Unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or is included as part of our investments in associates.

Fair Value Measurement

We measure our financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, We determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, time deposits and assets similar in nature to cash, which are not restricted as to use.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	2,615,716	3,346,983	3,898,055
Cost of sales	(1,440,156)	(1,766,139)	(2,095,593)
Gross profit	1,175,560	1,580,844	1,802,462
Other income and gains	120,963	108,309	193,378
Selling and marketing expenses	(198,571)	(234,184)	(258,450)
Administrative expenses	(91,409)	(106,086)	(125,874)
Research and development expenses	(737,074)	(870,747)	(1,045,195)
(Impairment losses)/reversal of impairment losses on financial assets and contract assets, net	(1,677)	(1,086)	(2,457)
Other expenses	(3,697)	(2,606)	(9,527)
Finance costs	(2,277)	(2,242)	(11,996)
Share of profits/(losses) of associates	(7,679)	12,581	7,549
Profit before tax	**254,139**	**484,783**	**549,890**
Income tax (expense)/credit	15,798	6,379	(15,515)
Profit for the year	**269,937**	**491,162**	**534,375**

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as profit for the year, excluding equity-settled share-based transactions. Equity-settled share-based transactions represent the non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.

The following table sets forth a reconciliation of our profit for the year to adjusted net profit (non-IFRS measure) for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	269,937	491,162	534,375
Add:			
Equity-settled share-based transactions	118,791	84,836	159,113
Adjusted net profit for the year (non-IFRS measure)	**388,728**	**575,998**	**693,488**

We believe that adjusted net profit (non-IFRS measure) provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our non-IFRS measure does not have a standardized meaning prescribed by IFRS Accounting Standards, and our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net profit (non-IFRS measure) has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

Revenue by Product Type

During the Track Record Period, we primarily generated revenue from the sales of our signal chain ICs and power management ICs. We generally recognize revenue when our products have been delivered to our customers. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, respectively. The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as a percentage of the total revenue, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Power management ICs	1,746,024	66.8	2,181,660	65.2	2,379,834	61.1
Signal chain ICs	864,242	33.0	1,156,700	34.5	1,471,023	37.7
Others[(1)]	5,450	0.2	8,623	0.3	47,198	1.2
Total	**2,615,716**	**100.0**	**3,346,983**	**100.0**	**3,898,055**	**100.0**

(1) Others primarily included our revenue from our sensor products and technology services. Technology services represented the service fees charged for providing customized development products for customers.

The following table sets forth the sales volume of our major products during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
	(Units in millions)		
Power management ICs	3,060.6	3,934.6	5,022.8
Signal chain ICs	1,427.4	2,012.7	2,792.6

Revenue generated from sales of power management ICs accounted to RMB1,746.0 million, RMB2,181.7 million and RMB2,379.8 million, in 2023, 2024 and 2025, respectively, accounting for 66.8%, 65.2% and 61.1% of our total revenue for the same periods, respectively. In 2023, despite the downturn in the analog IC market, the sales volume of our power management lCs still reached over 3,000 million units, primarily because our products have gained market recognition with growing customer base. Besides, in response to the market dynamics, our product portfolio was adjusted accordingly. The sales volume of our power management ICs increased to 3,934.6 million units in 2024, and further increased to 5,022.8 million units in 2025, which was mainly driven by the rapid growth in the market demand for our power management ICs in recognition of the premium quality and overall recovery of analog IC industry.

Revenue generated from sales of signal chain ICs accounted to RMB864.2 million, RMB1,156.7 million, and RMB1,471.0 million, in 2023, 2024 and 2025, respectively, accounting for 33.0%, 34.5%, and 37.7% of our total revenue for the same years, respectively. From 2024, consumer electronics shipments began to recover, and the analog IC market accordingly resumed its growth trajectory. The sales volume of our signal chain ICs then increased significantly to 2,012.7 million units in 2024, and further increased to 2,792.6 million units in 2025, which was mainly driven by the rapid growth in the market demand for our signal chain ICs in recognition of the premium quality and overall recovery of analog IC industry.

Revenue by Geographic Location

During the Track Record Period, we generated revenue from multiple regions primarily including Hong Kong, Mainland China and Taiwan. The following table sets forth a breakdown of our revenue by geographic market for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Hong Kong	1,358,701	51.9	1,484,881	44.4	1,921,049	49.3
Mainland China	1,042,216	39.8	1,497,608	44.7	1,635,122	41.9
Taiwan	91,117	3.5	134,205	4.0	171,691	4.4
Others(1)	123,682	4.8	230,289	6.9	170,193	4.4
Total	**2,615,716**	**100.0**	**3,346,983**	**100.0**	**3,898,055**	**100.0**

Note:

(1) Others primarily included our revenue from Singapore, Germany, South Korea and Japan.

Revenue by Sales Channel

During the Track Record Period, we operated through two main sales channels: (i) distribution sales, and (ii) direct sales. We strategically collaborate with distributors to expand our market reach and effectively serve the needs of customers in various regions. In our direct sales model, we sell products directly to end customers, providing our products that meet their specific operational needs.

The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as a percentage of our revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Distribution sales	2,388,799	91.3	2,999,044	89.6	3,609,911	92.6
Direct sales	226,917	8.7	347,939	10.4	280,648	7.2
Others[(1)]	—	—	—	—	7,496	0.2
Total	**2,615,716**	**100.0**	**3,346,983**	**100.0**	**3,898,055**	**100.0**

(1) Others primarily include our technology services' revenue.

Cost of Sales

Our cost of sales consists primarily of costs of wafers, costs of packaging and testing, other costs, and impairment loss of inventories. For the years ended December 31, 2023, 2024 and 2025, our cost of sales amounted to RMB1,440.2 million, RMB1,766.1 million, and RMB2,095.6 million, respectively.

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Costs of wafers	656,690	45.6	861,037	48.8	964,819	46.0
Costs of packaging and testing	589,127	40.9	687,553	38.9	837,955	40.0
Other costs of sales	72,404	5.0	75,878	4.3	109,560	5.3
Subtotal	**1,318,221**	**91.5**	**1,624,468**	**92.0**	**1,912,334**	**91.3**
Impairment loss of Inventories	108,634	7.5	128,851	7.3	169,828	8.1
Tax and others	13,301	1.0	12,820	0.7	13,431	0.6
Total	**1,440,156**	**100.0**	**1,766,139**	**100.0**	**2,095,593**	**100.0**

We operate under a "fabless+" model, so that we centered on our core competencies in R&D and sales. We outsource our major manufacturing processes, including wafer fabrication, packaging, and testing, to third-party suppliers. For the years ended December 31, 2023, 2024 and 2025, cost of wafers accounted for 45.6%, 48.8%, and 46.0% of our cost of sales, respectively.

For the years ended December 31, 2023, 2024 and 2025, our cost of packaging and testing accounted for 40.9%, 38.9%, and 40.0% of our cost of sales, respectively.

The table below sets forth a breakdown of impairment loss of inventories by types of our products for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Power management ICs	22,041	20.3	79,095	61.4	80,750	47.5
Signal chain ICs	81,577	75.1	49,336	38.3	87,776	51.7
Others[(1)]	5,016	4.6	420	0.3	1,302	0.8
Total	**108,634**	**100.0**	**128,851**	**100.0**	**169,828**	**100.0**

(1) Others primarily included impairment loss of inventories relating to our sensor products.

Our impairment loss of inventories increased from RMB108.6 million in 2023 to RMB128.9 million in 2024, primarily because we proactively increased and maintained steady inventory levels to ensure timely delivery of our products to customers in 2024, and against the backdrop of continuous inventory growth, the reduced sales volume in 2023 directly affected the aging of inventory for each product. Our impairment loss of inventories further increased to RMB169.8 million in 2025, also primarily because we proactively increased inventory levels to ensure timely delivery of our products to customers in 2025, and the increase in the impairment loss of inventories was in line with the growth of inventory levels, and there's a time lag before our sales volumes further ramped up.

Gross Profit and Gross Margin

Our gross profit represents our revenue less our cost of sales, and our gross margin represents our gross profit divided by our revenue, expressed as a percentage. Our gross profit was RMB1,175.6 million, RMB1,580.8 million, and RMB1,802.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our gross margin was 44.9%, 47.2% and 46.2% for the same years, respectively.

The following table sets forth our gross profit and gross margin for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)
	(RMB in thousands, except for percentages)					
Power Management ICs	804,899	46.1	1,043,112	47.8	1,103,655	46.4
Signal Chain ICs	490,188	56.7	675,015	58.4	855,738	58.2
Others[(1)]	2,408	44.2	4,388	50.9	26,328	55.8
Subtotal	**1,297,495**	**49.6**	**1,722,515**	**51.5**	**1,985,721**	**50.9**
Impairment loss of Inventories	108,634		128,851		169,828	
Tax and others	13,301		12,820		13,431	
Total	**1,175,560**	**44.9**	**1,580,844**	**47.2**	**1,802,462**	**46.2**

(1) Others primarily included our sensor products and technology services.

The table below sets forth a breakdown of our gross profit and gross profit margin by product type, after taking into account the impairment loss of inventories and tax and others, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit RMB	Gross margin %	Gross profit RMB	Gross margin %	Gross profit RMB	Gross margin %
	(RMB in thousands, except for percentages)					
Power Management ICs	774,607	44.4	956,254	43.8	1,015,440	42.7
Signal Chain ICs	403,586	46.7	620,655	53.7	762,174	51.8
Others(1)	(2,633)	(48.3)	3,935	45.6	24,848	52.6
Total	**1,175,560**	**44.9**	**1,580,844**	**47.2**	**1,802,462**	**46.2**

(1) Others primarily included our sensor products and technology services.

During the Track Record Period, we maintained high gross margin primarily driven by our continuous introduction of new products and high-performance products and keeping cost-effectiveness. Besides, we continuously invest in R&D and have established a broad product portfolio. Among them, our signal chain ICs and high-end power management ICs, due to their higher technological barriers, demonstrated more favorable gross margins in the corresponding business.

Our gross profits and gross margins largely depend on our product mix, the competition we faced, the supply-demand balance in the analog IC market and general market conditions. Our gross profit and gross margin improved from 2023 to 2024, primarily due to the overall recovery of analog IC industry where there was a rebound in product demand. Our gross profit increased by 14.0% from RMB1,580.8 million in 2024 to RMB 1,802.5 million in 2025, primarily due to the growth in the sales volume of our products in 2025. Our overall gross margin was 47.2% in 2024 and 46.2% in 2025, remaining at a relatively stable level.

Other Income and Gains

We recorded other income and gains of RMB121.0 million, RMB108.3 million and RMB193.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our other income consists of (i) government grants, and (ii) bank interest income. Our other gains consist of (i) foreign exchange income, net, (ii) gains on disposal of investments at fair value through profit or loss, (iii) gains on disposal of items of property, plant and equipment and right-of-use assets, and (iv) fair value gains derived from wealth management products and equity investments at fair value through profit or loss.

The following table sets forth a breakdown of our other income and gains for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Other income						
Government grants	50,541	41.8	37,844	34.9	101,072	52.3
Bank interest income	34,720	28.7	31,687	29.3	30,061	15.5
Subtotal	85,261	70.5	69,531	64.2	131,133	67.8
Gains						
Foreign exchange income, net	415	0.3	6,204	5.7	—	—
Gains on disposal of investments at:						
Wealth management products	18,230	15.1	18,286	16.9	6,521	3.4
Equity investments at fair value through profit or loss	—	—	311	0.3	12,095	6.2
Gains on disposal of items of property, plant and equipment and right-of-use assets	62	0.1	3,283	3.0	1,009	0.5
Fair value gains on:						
Wealth management products	1,602	1.3	7,407	6.8	16,030	8.3
Equity investments at fair value through profit or loss	—	—	3,147	2.9	26,479	13.7
Others	15,393	12.7	140	0.2	111	0.1
Subtotal	35,702	29.5	38,778	35.8	62,245	32.2
Total	**120,963**	**100.0**	**108,309**	**100.0**	**193,378**	**100.0**

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) employee compensation for our selling and marketing personnel, (ii) promotion expenses in relation to marketing campaigns, brand-building activities, and public relations, and (iii) equity-settled share-based payment expenses associated with equity incentive granted to sales and marketing personnel.

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

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee compensation	140,485	70.7	181,071	77.3	188,213	72.8
Promotion expenses	17,583	8.9	20,506	8.8	20,273	7.8
Equity-settled share-based transactions	24,866	12.5	13,644	5.8	30,712	11.9
Others(1)	15,637	7.9	18,963	8.1	19,252	7.5
Total	**198,571**	**100.0**	**234,184**	**100.0**	**258,450**	**100.0**

(1) Consists primarily of rental and utilities expenses, depreciation and amortization, and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our selling and marketing expenses were RMB198.6 million, RMB234.2 million, and RMB258.5 million, respectively, representing 7.6%, 7.0%, and 6.6% of our total revenue, respectively.

Administrative Expenses

Our administrative expenses consist primarily of (i) employee compensation for our administrative and management personnel, (ii) depreciation and amortization, (iii) professional services fees incurred in relation to legal, audit, consulting services, (iv) equity-settled share-based transactions expenses in relation to equity incentives granted to management and administrative staff, (v) travel expenses primarily for management and support personnel business trips, and (vi) rental and utilities expenses mainly for office spaces.

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

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee compensation	49,055	53.7	63,392	59.8	68,410	54.4
Depreciation and amortization	5,673	6.2	7,845	7.4	12,978	10.3
Professional service fees	9,339	10.2	7,487	7.1	8,692	6.9
Equity-settled share-based transactions	10,887	11.9	6,165	5.8	11,580	9.2
Travel expenses	2,143	2.3	2,495	2.4	2,669	2.1
Rental, and utilities expenses	2,200	2.4	1,265	1.2	2,773	2.2
Others[(1)]	12,112	13.3	17,437	16.3	18,772	14.9
Total	**91,409**	**100.0**	**106,086**	**100.0**	**125,874**	**100.0**

(1) Consists primarily of office expenses, business entertainment expenses and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our administrative expenses were RMB91.4 million, RMB106.1 million and RMB125.9 million, respectively, representing 3.5%, 3.2% and 3.2% of our total revenue, respectively.

Research and Development Expenses

Our research and development expenses consist primarily of (i) employee compensation for our research and development personnel, (ii) materials, expenses, including raw materials and consumables used in product designs during research and development process, (iii) depreciation and amortization, mainly in relation to R&D equipment and facilities, and (iv) equity-settled share-based transaction expenses in relation to equity incentives granted to our R&D personnel.

The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee compensation	457,336	62.0	599,839	68.9	676,125	64.7
Materials expenses	77,342	10.5	85,454	9.8	124,697	11.9
Depreciation and amortization	66,351	9.0	74,837	8.6	88,812	8.5
Equity-settled share-based transactions	81,560	11.1	64,616	7.4	115,537	11.1
Others[(1)]	54,485	7.4	46,001	5.3	40,024	3.8
Total	**737,074**	**100.0**	**870,747**	**100.0**	**1,045,195**	**100.0**

(1) Consists primarily of rental and utilities expenses and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our research and development expenses were RMB737.1 million, RMB870.7 million and RMB1,045.2 million, respectively, representing 28.2%, 26.0% and 26.8% of our total revenue, respectively.

(Impairment Losses)/Reversal of Impairment Losses on Financial and Contract Assets, Net

Our (impairment losses)/reversal of impairment losses on financial and contract assets, net consist primarily of impairment losses for movement in loss allowance for trade and bills receivables at amortized cost, and movement in loss allowance for other receivables and contract assets. We recorded impairment losses on financial and contract assets, net of RMB1.7 million, RMB1.1 million, and RMB2.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Other Expenses

Our other expenses consist primarily of (i) foreign exchange losses, and (ii) fair value losses on equity investment and wealth management products. We recorded other expenses of RMB3.7 million, RMB2.6 million and RMB9.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs consist primarily of amortization of interest expense on redemption financial liabilities, interest expenses on lease liabilities and borrowings. We recorded finance costs of RMB2.3 million, RMB2.2 million and RMB12.0 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Share of Profits/(Losses) of Associates

We recorded share of profits/(losses) of associates of RMB(7.7) million, RMB12.6 million and RMB7.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Income Tax (Expense)/ Credit

Our income tax (expense)/ credit primarily consists of (i) current income tax charged for the year, (ii) deferred income tax. We recorded income tax credit of RMB15.8 million and

RMB6.4 million, respectively, in 2023 and 2024. We recorded income tax expense of RMB15.5 million in 2025.

In 2023, 2024 and 2025, our effective tax rates, calculated as our income tax expense/(credit) divided by our profit before tax, were (6.2)%, (1.3)%, and 2.8%, respectively, which were lower than the 25% statutory rate primarily because we and certain subsidiaries enjoyed preferential tax treatments.

Mainland China

The income tax provision of us in respect of our operations in Mainland China was calculated at tax rate of 25% during the Track Record Period, based on the existing legislation, interpretation and practices in respect thereof.

Certain subsidiaries of us in Mainland China were approved as High-tech enterprises, and they were subject to a preferential corporate income tax rate of 15% during the Track Record Period. See Note 11 to the Accountants' Report included in Appendix I to this document for more details.

Hong Kong

The first HKD2,000,000 of assessable profits of Hong Kong subsidiaries are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% on the estimated assessable profits. SG Micro (HK) Limited was entitled to enjoy offshore tax exemption from the Hong Kong Inland Revenue Department due to its offshore transaction nature for the Relevant Periods.

See Note 11 to the Accountants' Report included in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in jurisdictions we operate in, and we had no disputes or unresolved tax issues with the relevant tax authorities.

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

We generated substantially all of our revenue from sales of products. Our revenue increased by 16.5% from RMB3,347.0 million in 2024 to RMB3,898.1 million in 2025, primarily attributable to an increase in our revenue generated from sales of signal chain ICs and power management ICs, mainly due to the increased sales volume in line with the increasing demand from end customers. Specifically, the analog IC market has begun to recover since 2024, and driven by the continued adoption of AI applications, the demand for analog ICs expanded, according to Frost & Sullivan.

- *Power Management ICs*. Our revenue generated from sales of power management ICs increased by 9.1% from RMB2,181.7 million in 2024 to RMB2,379.8 million in 2025, primarily due to an increase in our sales volume of power management ICs from 3,934.6 million units in 2024 to 5,022.8 million units in 2025, which was due to an increasing demand from the end customers.
- *Signal Chain ICs.* Our revenue generated from sales of signal chain ICs increased by 27.2% from RMB1,156.7 million in 2024 to RMB1,471.0 million in 2025, primarily due

to an increase in our sales volume of signal chain ICs from 2,012.7 million units in 2024 to 2,792.6 million units in 2025, mainly because (i) growing demand from the end customers, in particular, the strong demand from the industrial applications sector; and (ii) continuously expanding our customer base and product portfolio through continuous market expansion and the launch of new products.

Cost of Sales

Our cost of sales increased by 18.7% from RMB1,766.1 million in 2024 to RMB2,095.6 million in 2025, which was generally in line with our sales expansion and business growth.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 14.0% from RMB1,580.8 million in 2024 to RMB1,802.5 million in 2025, primarily due to the growth in the sales volume of our products in 2025 as the result of the recovery of the market. Our overall gross margin was 47.2% in 2024 and 46.2% in 2025, remaining at a relatively stable level.

Other Income and Gains

Our other income and gains increased by 78.5% from RMB108.3 million in 2024 to RMB193.4 million in 2025, primarily attributable to (i) an increase in government grants from RMB37.8 million in 2024 to RMB101.1 million in 2025, and (ii) an increase in fair value gains on equity investments at fair value through profit or loss of RMB23.3 million.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 10.4% from RMB234.2 million in 2024 to RMB258.5 million in 2025, primarily due to an increase in employee compensation, driven by the expansion of our sales team.

Administrative Expenses

Our administrative expenses increased by 18.7% from RMB106.1 million in 2024 to RMB125.9 million in 2025, primarily due to an increase in employee compensation for our administrative and management personnel due to the growing headcounts and salaries.

Research and Development Expenses

Our research and development expenses increased by 20.0% from RMB870.7 million in 2024 to RMB1,045.2 million in 2025, primarily due to (i) an increase in employee compensation as a result of the increased compensation standards for our R&D team and the expansion of our R&D team, (ii) an increase in R&D materials expense in line with our business growth, and (iii) an increase in depreciation and amortization expenses mainly due to the increases in electronic design automation tools and increases in depreciation of right-of-use assets and R&D-related equipment.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net increased from RMB1.1 million in 2024 to RMB 2.5 million in 2025, primarily due to the credit loss provided for contract assets and trade and bills receivables.

Other Expenses

Other expenses increased by 265.4% from RMB2.6 million in 2024 to RMB9.5 million in 2025, primarily changes in exchange losses.

Finance Costs

Our finance costs increased by 445.5% from RMB2.2 million in 2024 to RMB12.0 million in 2025, primarily due to an increase in our amortization of interest expense on redemption financial liabilities in 2025.

Share of Profits of Associates

We recorded share of profits of associates of RMB12.6 million, and RMB7.5 million in 2024 and 2025, respectively. The changes in share of profits of associates are due to the changes in the operational and financial performance of our investees.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB6.4 million in 2024 and income tax expense of RMB15.5 million in 2025. Our effective tax rate slightly increased from (1.3)% in 2024 to 2.8% in 2025, primarily due to growth in our revenue and profit in 2025.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 8.8% from RMB491.2 million in 2024 to RMB534.4 million in 2025.

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

Revenue

Our revenue increased by 28.0% from RMB2,615.7 million in 2023 to RMB3,347.0 million in 2024, primarily attributable to an increase in our revenue generated from sales of our products, mainly due to the increased sales volume in line with our growth business scale. Besides, according to Frost & Sullivan, consumer electronics shipments began to recover in 2024, partially supported by AI-related infrastructure upgrades, and the analog IC market accordingly resumed its growth trajectory in 2024.

- *Power Management ICs*. Our revenue generated from sales of power management ICs increased by 25.0% from RMB1,746.0 million in 2023 to RMB2,181.7 million in 2024, primarily due to an increase in our sales volume of power management ICs from 3,060.6 million units in 2023 to 3,934.6 million units in 2024, which was due to growing demand from the end customers in consumer electronics sector, driven by the recovery of the analog IC market in 2024.
- *Signal Chain ICs*. Our revenue generated from sales of signal chain ICs increased by 33.8% from RMB864.2 million in 2023 to RMB1,156.7 million in 2024, primarily due to an increase in our sales volume of signal chain ICs from 1,427.4 million units in 2023 to 2,012.7 million units in 2024, mainly due to (i) the gradual recovery of the analog IC market; (ii) growing demand from the end customers, with recovery in application areas such as industrial & energy, networking & computing, and consumer electronics sectors; and (iii) our continuous efforts to expand our customer base and product offerings.

Cost of Sales

Our cost of sales increased by 22.6% from RMB1,440.2 million in 2023 to RMB1,766.1 million in 2024, which was generally in line with our sales expansion and business growth.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 34.5% from RMB1,175.6 million in 2023 to RMB1,580.8 million in 2024, and our overall gross margin was 44.9% in 2023 and 47.2% in 2024, mainly due to the market recovery in 2024 and change of our product mix.

Other Income and Gains

Our other income and gains decreased by 10.5% from RMB121.0 million in 2023 to RMB108.3 million in 2024, primarily attributable to the decrease in government grants from RMB50.5 million in 2023 to RMB37.8 million in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 17.9% from RMB198.6 million in 2023 to RMB234.2 million in 2024, primarily due to an increase in employee compensation, driven by the expansion of our sales team.

Administrative Expenses

Our administrative expenses increased by 16.1% from RMB91.4 million in 2023 to RMB106.1 million in 2024, primarily due to an increase in employee compensation for our administrative and management personnel due to the growing headcounts.

Research and Development Expenses

Our research and development expenses increased by 18.1% from RMB737.1 million in 2023 to RMB870.7 million in 2024, primarily due to (i) an increase in employee compensation attributable to primarily to the rising R&D staff headcounts, and (ii) an increase in R&D materials expenses in line with our R&D development and business growth.

Impairment Losses on Financial and Contract Assets, Net

We recorded impairment losses on financial and contract assets, net of RMB1.7 million in 2023, compared to RMB1.1 million in 2024, respectively.

Other Expenses

Other expenses decreased by 29.5% from RMB3.7 million in 2023 to RMB2.6 million in 2024, primarily due to changes in fair value gains and losses.

Finance Costs

Our finance costs were RMB2.3 million in 2023 and RMB2.2 million in 2024, remaining at a relatively stable level.

Share of Profits/(Losses) of Associates

We recorded share of losses of associates of RMB7.7 million in 2023. In 2024, we recorded share of profits of associates of RMB12.6 million. The changes in share of profits/(losses) of associates are due to the changes in the operational and financial performance of our investees.

Income Tax Credit

Our income tax credit decreased by 59.6% from RMB15.8 million in 2023 to RMB6.4 million in 2024, and our effective tax rate increased from (6.2)% in 2023 to (1.3)% in 2024, primarily attributable to the market recovery and substantial growth in our revenue and profit in 2024, and the growth in our profit outpaced the growth in our research and development expenses in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 82.0% from RMB269.9 million in 2023 to RMB491.2 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated balance sheets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	545,191	691,094	711,825
Other intangible assets	33,743	52,837	85,978
Right-of-use assets	61,747	52,060	38,837
Goodwill	80,875	78,692	301,277
Deferred tax assets	161,791	175,896	151,264
Investments in associates	423,360	508,329	555,364
Time deposits	10,182	379,427	371,754
Financial assets at fair value through profit or loss	109,163	121,849	115,991
Other non-current assets	32,336	20,321	23,371
Total non-current assets	**1,458,388**	**2,080,505**	**2,355,661**
Current assets			
Inventories	901,367	1,164,817	1,448,216
Trade and bills receivables at amortised cost	166,472	232,764	362,830
Trade and bills receivables at fair value through other comprehensive income	—	—	260
Contract assets	—	—	2,084
Prepayments, other receivables and other assets	86,236	100,084	137,634
Financial assets at fair value through profit or loss	769,093	1,378,000	1,340,087
Cash and cash equivalents	1,303,007	813,194	1,181,028
Time deposits	—	—	81,810
Restricted cash	22,289	1,755	44,540
Total current assets	**3,248,464**	**3,690,614**	**4,598,489**
Current liabilities			
Trade payables	264,141	316,000	400,910
Other payables and accruals	321,780	478,419	470,629
Interest-bearing bank borrowings	—	36,579	329,729
Lease liabilities	17,884	19,565	12,752
Contract liabilities	14,894	18,307	18,389

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total current liabilities	**618,699**	**868,870**	**1,232,409**
Net current assets	**2,629,765**	**2,821,744**	**3,366,080**
Total assets less current liabilities	**4,088,153**	**4,902,249**	**5,721,741**
Non-current liabilities			
Interest-bearing bank borrowings	—	34,121	67,172
Lease liabilities	26,992	14,370	7,767
Deferred tax liabilities	50,240	56,726	54,799
Other payables and accruals	45,581	72,071	8,703
Deferred income	71,516	75,701	68,195
Other non-current liabilities	50,000	50,000	187,999
Total non-current liabilities	**244,329**	**302,989**	**394,635**
Net assets	**3,843,824**	**4,599,260**	**5,327,106**
Equity			
Share capital	469,487	473,450	620,063
Reserves	3,381,060	4,135,777	4,674,322
Equity attributable to owners of the parent	3,850,547	4,609,227	5,294,385
Non-controlling interests	(6,723)	(9,967)	32,721
Total equity	**3,843,824**	**4,599,260**	**5,327,106**

We recorded net assets of RMB3,843.8 million, RMB4,599.3 million and RMB5,327.1 million as of December 31, 2023, 2024 and 2025, respectively. We also recorded net current assets of RMB2,629.8 million, RMB2,821.7 million and RMB3,366.1 million as of December 31, 2023, 2024 and 2025, respectively, which were primarily mainly due to the growth of our business scale.

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, special tooling, electronic equipment and others, construction in progress and leasehold improvements.

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	154,071	327,150	317,909
Electronic equipment and others	185,546	213,776	216,819
Special tooling	109,225	135,152	168,118
Office furniture	5,878	5,495	4,564
Construction in progress	76,119	—	—
Leasehold improvements	14,291	9,491	4,409
Motor vehicles	61	30	6
Total	**545,191**	**691,094**	**711,825**

Our property, plant and equipment increased from RMB545.2 million as of December 31, 2023 to RMB691.1 million as of December 31, 2024, primarily due to (i) additions of buildings of

RMB173.1 million in relation to the expansion of our R&D center and office buildings, and (ii) additions of electronic equipment and others and special tooling of RMB28.2 million and RMB25.9 million, respectively.

Our property, plant and equipment increased from RMB691.1 million as of December 31, 2024 to RMB711.8 million as of December 31, 2025, primarily due to additions of special tooling of RMB33.0 million, and partially offset by the decrease of buildings of RMB9.2 million.

Right-of-Use Assets

The right-of-use assets primarily represent our buildings, land use rights, and parking space use rights. Our right-of-use assets decreased from RMB61.7 million as of December 31, 2023 to RMB52.1 million as of December 31, 2024, and further to RMB38.8 million as of December 31, 2025, mainly attributable to the depreciation of right-of-use assets.

Goodwill

Our goodwill slightly decreased from RMB80.9 million as of December 31, 2023 to RMB78.7 million as of December 31, 2024, mainly due to the recognition of an impairment loss on the RMB2.2 million goodwill. Our goodwill significantly increased from RMB78.7 million as of December 31, 2024 to RMB301.3 million as of December 31, 2025, primarily due to our acquisitions in 2025.

We detmine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cashgenerating units to which the goodwill is allocated. See Note 18 to the Accountants' Report included in Appendix I to this document for more details. Goodwill acquired through business combinations is allocated to the group of Cash-Generating Units ("CGU" or "CGUs") for impairment testing.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Suzhou Qingxinfang	49,851	49,851	49,851
Shanghai Fangtai	16,555	16,555	16,555
Dalian Alpha	7,929	7,929	7,929
Hangzhou Shenan	4,357	4,357	4,357
Shanghai Pingsheng	2,183	—	—
Changzhou Ganrui	—	—	151,360
TeraDevice Inc	—	—	71,225
Total	**80,875**	**78,692**	**301,277**

Impairment reviews on the goodwill of our Group have been conducted by the management as at 31 December 2023, 2024 and 2025, according to IAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amounts of CGU or group of CGUs are determined based on value in use ("VIU") calculations by using the discounted cash flow method covering a 5-year period.

Our management has assessed that the Suzhou Qingxinfang, Changzhou Ganrui, TeraDevices Inc. were material CGUs. Assumptions were used in the value in use calculation. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Revenue growth rate—The basis used to determine the budgeted revenue is based on our management's expectation and also expectation of the future market.

Gross profit margin— Estimated based on our historical experience and forecast of the semiconductor markets.

Pre-tax discount rate—Estimated by using the weighted average cost of capital ("WACC") method. The WACC was calculated by referring to public market data including risk-free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

See Note 18 to the Accountants' Report included in Appendix I to this document for more details.

Deferred Tax Assets

Our deferred tax assets primarily consist of share-based payment, losses available for offsetting against future taxable profits, accruals and provision and impairment of assets. Our deferred tax assets increased from RMB161.8 million as of December 31, 2023 to RMB175.9 million as of December 31, 2024, primarily due to the significant R&D investment in 2024, and the amount of additional deduction for R&D expenses deductible before tax was substantial, resulting in an increase in deductible tax losses. Our deferred tax assets decreased to RMB151.3 million as of December 31, 2025, primarily due to our profit increased in 2025 and a decrease of tax losses available for offsetting against future taxable profits.

Investments in Associates

Our investments in associates as of December 31, 2023, 2024, and 2025 mainly related to our investment in our associates companies. As of December 31, 2023, and 2024, our investments in associates increased from RMB423.4 million to RMB508.3 million, mainly attributable to our increased investment in our associates. Our investments in associates further increased to RMB555.4 million as of December 31, 2025, mainly attributable to the operational and financial performance of our investees.

Financial Assets at Fair Value through Profit or Loss

We had financial assets at fair value through profit or loss of RMB878.3 million, RMB1,499.8 million and RMB1,456.1 million, as of December 31, 2023, 2024, and 2025, respectively.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current:			
Listed equity investments, at fair value	31,916	35,257	11,424
Other unlisted investments, at fair value	77,247	86,592	104,567
Current:			
Wealth management products	769,093	1,378,000	1,340,087
Total	**878,256**	**1,499,849**	**1,456,078**

Our financial assets at fair value through profit or loss consisted of our investments redeemable short-term wealth management products. The wealth management products were issued by banks in Mainland China and were classified as our financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The changes in our financial assets at fair value through profit or loss during the Track Record Period were primarily due to our redemption of certain wealth management products according to our cash management strategies aimed at optimizing liquidity and returns.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. We strictly control risks in accordance with relevant regulations, conduct strict evaluations of wealth management products, and we purchase low-risk wealth management products with high safety and liquidity. These products mainly include bank wealth management products issued by commercial banks. The investment in these assets will be subject to compliance with Chapter 14 of the Listing Rules after the **[REDACTED]**.

Specifically, we exclusively invest in low-risk (PR1 or PR2), high-liquidity wealth management products with tenors not exceeding 12 months, issued by reputable financial institutions. Each investment is preceded by stringent due diligence, including analysis of underlying assets, to align with our funding needs and risk appetite.

Governance of the short-term investment activities is centrally managed. The annual investment quota of wealth management products is approved by the Board meeting and Shareholders' general meeting, with funds usable on a revolving basis within the approved period. The chairman of the Board is authorized to make investment decisions within this quota. Our finance department is responsible for the management of our wealth management products' subscriptions and provides continuous monitoring and proactive risk mitigation. Our financial department is equipped with professionals who possess the necessary expertise to assess investment risks and potential returns. Furthermore, the internal audit department conducts regular independent audits to ensure the integrity of the process.

Our financial assets measured at fair value through profit or loss as of December 31, 2023, 2024 and 2025, also included our equity investment in certain unlisted and listed companies. We make investment decisions on a case-by-case basis based on the consideration of a number of factors, including the investee's operating history, the growth potential of the investee as well as the investee's potential to generate synergies with our existing operations. We closely monitor the operational and financial performance of our investee companies.

Inventories

Our inventories mainly consist of (i) raw materials, including untested foundry-manufactured wafers, (ii) work in progress, and (iii) finished goods. The following table sets forth our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	597,642	745,999	836,639
Finished goods	372,175	521,099	686,946
Work in progress	150,555	164,305	234,568
Contract costs	—	—	493
Less: Provision for impairment	(219,005)	(266,586)	(310,430)
Total	**901,367**	**1,164,817**	**1,448,216**

Our inventories increased from RMB901.4 million as of December 31, 2023 to RMB1,164.8 million as of December 31, 2024, and further to RMB1,448.2 million as of December 31, 2025, primarily due to the inventories held in stock to meet the ever-increasing demands.

As of December 31, 2023, 2024 and 2025, our provision for inventories was RMB219.0 million, RMB266.6 million and RMB310.4 million, respectively. Our Directors consider sufficient provision for inventories had been made. During the Track Record Period, we had not encountered any material impairment loss that have materially and adversely affected our business operations. We believe maintaining appropriate levels of inventories dynamically helps us fully address our customers' demand and achieve customer satisfaction without adversely affecting our liquidity. We have in place a set of policies and procedures to manage our inventories. See "Business—Logistics and Inventory Management—Inventory Management" for more details.

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

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days[(1)]	203	214	228

Note:

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of our inventory balances of a period divided by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our inventory turnover days were primarily affected by production cycles and other related factors that we take into consideration in ensuring timely supply. Generally, the entire production cycle for our ICs takes approximately 75 days to 105 days. According to Frost & Sullivan, our length of production cycle is in line with market practice. The inventory turnover days increased slightly from 203 days in 2023 to 214 days in 2024, and further increased to 228 days in 2025, primarily due to an increase in inventory in anticipation of an increase in customers' demand.

To effectively manage our inventory levels, we employ strict control policies and an inventory management system that allows for timely monitoring so that we can adjust our inventory level based on existing orders and projected sales. This framework is underpinned by our integrated SAP and

WMS platforms, which provide robust capabilities for inventory oversight. In addition, our management, procurement, sales, and financial departments collaborate closely to enhance our inventory management system. We disseminate the latest inventory updates to the sales and marketing team regularly, ensuring alignment with market demands to mitigate inventory obsolescence, prevent production surpluses, and optimize inventory turnover days. Additionally, we also closely monitor the level of finished goods inventory. Specifically, our warehouse specialists regularly perform periodic stock counts and evaluations. Our production planning specialists refer to inventory levels when formulating procurement plans. The production planning manager performs inventory analysis based on inventory conditions and formulates new production plans. We conduct regular follow-ups with sales personnel to evaluate the sales performance of aged inventory items and also hold regular interdepartmental discussions to review sales orders alongside procurement activities, promoting a coordinated approach to inventory management.

The following table sets forth an aging analysis of our inventories as of the date indicated. The inventories aging within one year were RMB756.9 million, RMB984.2 million and RMB1,304.0 million as of December 31, 2023, 2024 and 2025, respectively, representing 84.0%, 84.5% and 90.0% of the total inventories, respectively.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	756,855	984,212	1,303,997
Over one year	144,512	180,605	144,219
Total	**901,367**	**1,164,817**	**1,448,216**

As of February 28, 2026, RMB197.3 million, or 39.9% of our net value of finished goods as of December 31, 2025 had been sold.

Trade and Bills Receivables

Our trade and bills receivables mainly consist of outstanding amounts from customers for the sale of our products. The following table sets forth the details of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	169,576	237,093	372,289
Bills receivables	—	—	1,118
Less: Impairment	(3,104)	(4,329)	(10,577)
Total	**166,472**	**232,764**	**362,830**

Our trade and bills receivables increased from RMB166.5 million as of December 31, 2023 to RMB232.8 million as of December 31, 2024, and further to RMB362.8 million as of December 31, 2025, as a result of our business expansion and sales growth.

As of December 31, 2023, 2024, and 2025, we made provisions for the impairment of our trade and bills receivables of RMB3.1 million, RMB4.3 million and RMB10.6 million, respectively. During the Track Record Period, we did not experience any significant losses associated with our trade and bills receivables and the increase in our trade and bills receivables did not have any material adverse impact on our liquidity or cash flows.

The following table sets forth our trade and bills receivables turnover days for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days [1]	20	22	29

(1) The trade and bills receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of our trade and bills receivables in that period by revenue for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our trade and bills receivables turnover days remained relatively stable at 20 days in 2023, 22 days in 2024 and 29 days in 2025.

The following table sets forth an aging analysis of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Not due and within one year	166,472	232,764	359,716
Over one year	—	—	1,996
Total	**166,472**	**232,764**	**361,712**

As of February 28, 2026, approximately RMB331.5 million, or 88.8% of our trade and bills receivables outstanding as of December 31, 2025, had been subsequently settled.

Prepayments, Other Receivables, and Other Assets

Our prepayments, other receivables and other assets primarily consist of prepayments for the purchase of raw materials and products, value-added tax recoverable, prepaid income tax, deposits and dividend receivables. The following table sets forth the details of our prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Prepaid income tax	8,406	18,013	29,885
Rights of return assets	22,883	34,536	17,018
Deductible input value-added tax ("VAT")	39,839	24,804	36,131
Deposits	10,961	10,713	8,871
Prepayment for raw materials and products	1,510	1,653	5,280
Dividend receivable	—	2,158	—
[REDACTED] fees	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepayments for packaging and testing	—	—	10,050
Others	4,579	10,032	11,769
Less: Impairment allowance	(1,942)	(1,825)	(1,741)
Total	**86,236**	**100,084**	**137,634**

Our prepayments and other receivables increased from RMB86.2 million as of December 31, 2023 to RMB100.1 million as of December 31, 2024, primarily due to the increase in prepaid income tax and rights of return assets.

Our prepayments and other receivables increased from RMB100.1 million as of December 31, 2024 to RMB137.6 million as of December 31, 2025, primarily due to the increase in prepaid income tax, deductible input value-added tax and prepayment for raw materials and products.

As of February 28, 2026, approximately RMB31.8 million, or 23.1% of our prepayments, other receivables, and other assets as of December 31, 2025, had been subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB1,303.0 million, RMB813.2 million and RMB1,181.0 million, respectively, as of December 31, 2023, 2024 and 2025. Our cash and cash equivalents primarily consist of cash held at banks and other financial institutions, and the fluctuation of our cash and cash equivalents positions at each period end was primarily due to the use of cash to support operating activities and cash outflows from investing activities.

Liabilities

Trade Payables

Our trade payables primarily include payments to our suppliers for raw materials and packaging and testing services during the ordinary course of our business.

Our trade payables increased from RMB264.1 million as of December 31, 2023 to RMB316.0 million as of December 31, 2024, and further increased to RMB400.9 million as of December 31, 2025, primarily due to the increase in procurement of raw materials, and packaging and testing services to support our expanding production and business operations.

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

	For the Year Ended December 31,		
	2023	**2024**	**2025**
Trade payables turnover days(1)	70	60	62

(1) The trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our trade payables turnover days decreased from 70 days in 2023 to 60 days in 2024, primarily because the proportion of purchases with shorter payment terms in 2024 increased compared to 2023, and these purchases with shorter payment terms primarily consist of raw material purchases. Our trade payables turnover days remained relatively stable at 60 days in 2024 and 62 days in 2025.

Our Directors confirm that we did not have any material defaults on payments of trade payables during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth an aging analysis of our trade payables as of the date indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one month	213,586	277,101	308,775
Over one month but less than two months	46,517	38,783	71,211
Over two months but less than three months	4,038	112	20,869
Over three months	—	4	55
Total	**264,141**	**316,000**	**400,910**

As of February 28, 2026, approximately RMB342.6 million, or 85.5% of our trade payables outstanding as of December 31, 2025, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of payroll and welfare payable, provision for expected sales return, payables for additions property, plant and equipment and other tax 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 and welfare payables	247,163	358,261	348,522
Liabilities for expected sales return and warranty	45,581	72,071	65,867
Other tax payable	20,967	16,246	13,856
Payable for technological development	24,572	18,427	7,516
Payables for additions of property, plant and equipment	1,344	58,676	14,543
Others	27,734	26,809	29,028
Total	**367,361**	**550,490**	**479,332**

Our other payables and accruals increased from RMB367.4 million as of December 31, 2023 to RMB550.5 million as of December 31, 2024, primarily due to (i) an increase in payroll and welfare payables driven by the increase in the number of our employees, and (ii) an increase in payables for additions of property, plant and equipment to support our expanding business operations.

Our other payables and accruals decreased from RMB550.5 million as of December 31, 2024 to RMB479.3 million as of December 31, 2025, primarily due to the decrease in payables for additions of property, plant and equipment as the relevant projects were completed in 2025.

As of February 28, 2026, approximately RMB289.4 million, or 60.4% of our other payables and accruals as of December 31, 2025, had been subsequently settled.

Interest-bearing Bank Borrowings

Interest-bearing bank borrowings consist primarily of loans from commercial banks in China. Our interest-bearing bank borrowings increased from nil as of December 31, 2023 to RMB70.7 million as of December 31, 2024, and further to RMB396.9 million as of December 31, 2025, indicating that we have broadened our financing channels. For more details about our loans and borrowings, see "—Indebtedness—Interest-bearing Bank Loans" for more details.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded non-current lease liabilities of RMB27.0 million, RMB14.4 million and RMB7.8 million, respectively, as of December 31, 2023, 2024 and 2025. We recorded current lease liabilities of RMB17.9 million, RMB19.6 million and RMB12.8 million, as of December 31, 2023, 2024 and 2025, respectively.

Contract Liabilities

Our contract liabilities primarily represent the prepayments we received from certain customers for sales of our products. Our contract liabilities amounted to RMB14.9 million as of December 31, 2023, RMB18.3 million as of December 31, 2024, and RMB18.4 million as of December 31, 2025.

As of February 28, 2026, approximately RMB12.9 million, or 70.1% of our total contract liabilities as of December 31, 2025, had been recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of raw materials, research and development, sales and marketing activities, and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from cash generated from our operations and bank borrowings. After the **[REDACTED]**, we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and **[REDACTED]** from the **[REDACTED]**. As of December 31, 2023, 2024 and 2025, and February 28, 2026 we had cash and cash equivalents of RMB1,303.0 million, RMB813.2 million, RMB1,181.0 million and RMB1,060.9 million, respectively. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

Cash Flows

The following table sets forth our selected cash flow data for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows from operating activities	161,796	534,149	434,379
Net cash flows used in investing activities	(541,119)	(1,248,316)	(432,709)
Net cash flows from financing activities	39,315	214,004	384,746
Net increase/(decrease) in cash and cash equivalents	**(340,008)**	**(500,163)**	**386,416**
Cash and cash equivalents at beginning of the year	1,638,363	1,303,007	813,194
Effect of foreign exchange rate changes, net	4,652	10,350	(18,582)
Cash and cash equivalents at end of the year	**1,303,007**	**813,194**	**1,181,028**

Net Cash from Operating Activities

Our net cash generated from operating activities was RMB434.4 million in 2025, primarily due to our profit before tax of RMB549.9 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB150.1 million, and (b) share-based payment expenses of RMB159.1 million, and (ii) changing in the working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB270.9 million, and (ii) an increase in trade and bills receivables at amortised cost of RMB116.1 million.

Our net cash generated from operating activities was RMB534.1 million in 2024. This was primarily attributable to our profit before tax of RMB484.8 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB125.2 million, and (b) share-based payment expenses of RMB84.8 million, and (ii) changing in the working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB263.5 million, and (b) an increase in trade and bills receivables of RMB67.5 million, which was partially offset by changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in other payables and accruals of RMB119.9 million.

Our net cash generated from operating activities was RMB161.8 million in 2023. This was primarily attributable to our profit before tax of RMB254.1 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB101.6 million, and (b) share-based payment expenses of RMB118.8 million, and (ii) changing in the working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB199.4 million, (b) an increase in trade and bills receivables of RMB56.5 million, (c) a decrease in other payables and accruals of RMB42.1 million, and (d) a decrease in trade payables of RMB22.8 million.

Net Cash Used in Investing Activities

Our net cash used in investing activities was RMB432.7 million in 2025, primarily due to purchases of wealth management products of RMB5,080.0 million, purchase of subsidiaries for RMB254.1 million, and purchases of items of property, plant and equipment of RMB232.6 million, which was partially offset by proceeds from the disposal of wealth management products of RMB5,107.0 million.

Our net cash used in investing activities was RMB1,248.3 million in 2024, primarily due to purchases of wealth management products of RMB3,165.0 million, purchase of time deposits of RMB363.0 million, and purchases of items of property, plant and equipment of RMB209.0 million, which was partially offset by proceeds from the disposal of wealth management products of RMB2,563.5 million.

Our net cash used in investing activities was RMB541.1 million in 2023, primarily due to purchases of wealth management products of RMB2,332.0 million, and purchases of items of property, plant and equipment of RMB204.0 million, which was partially offset by proceeds from the disposal of wealth management products of RMB2,092.5 million.

Net Cash from Financing Activities

Our net cash from financing activities was RMB384.7 million in 2025, primarily due to new bank loans of RMB362.6 million and proceeds from the issue of shares of RMB227.2 million, which was partially offset by the payment of dividends of RMB95.1 million, and payment of bank and other borrowings of RMB62.6 million.

Our net cash from financing activities was RMB214.0 million in 2024, primarily due to proceeds from the issue of shares of RMB214.3 million and proceeds from new bank loans of RMB70.6 million, which was partially offset by the payment of dividends of RMB47.1 million.

Our net cash from financing activities was RMB39.3 million in 2023, primarily due to proceeds from the issue of shares of RMB130.4 million, which was partially offset by the payment of dividends of RMB107.8 million.

Current Assets and Current Liabilities

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

	As of December 31,			As of February 28,
	2023	2024	2025	2025
	(RMB in thousands)			
				(unaudited)
Current assets				
Inventories	901,367	1,164,817	1,448,216	1,595,070
Trade and bills receivables at amortised cost	166,472	232,764	362,830	245,641
Trade and bills receivables at fair value through other comprehensive income	—	—	260	787
Contract assets	—	—	2,084	1,996
Prepayments, other receivables and other assets	86,236	100,084	137,634	162,726
Financial assets at fair value through profit or loss	769,093	1,378,000	1,340,087	1,594,752
Cash and cash equivalents	1,303,007	813,194	1,181,028	1,060,874
Time deposits	—	—	81,810	60,032
Restricted cash	22,289	1,755	44,540	45,365
Total current assets	**3,248,464**	**3,690,614**	**4,598,489**	**4,767,243**
Current liabilities				
Trade payables	264,141	316,000	400,910	413,272
Other payables and accruals	321,780	478,419	470,629	406,926
Interest-bearing bank borrowings	—	36,579	329,729	468,578
Lease liabilities	17,884	19,565	12,752	9,046
Contract liabilities	14,894	18,307	18,389	20,698
Total current liabilities	**618,699**	**868,870**	**1,232,409**	**1,318,520**
Net current assets	**2,629,765**	**2,821,744**	**3,366,080**	**3,448,723**

Our net current assets increased to RMB3,448.7 million as of February 28, 2026 from RMB3,366.1 million as of December 31, 2025, primarily due to (i) an increase of RMB146.9 million in inventories, and (ii) an increase of RMB254.7 million in financial assets at fair value through profit or loss, and partially offset by a decrease of RMB120.2 million in cash and cash equivalents, and an increase of RMB138.8 million in interest-bearing bank borrowings.

Our net current assets increased to RMB3,366.1 million as of December 31, 2025 from RMB2,821.7 million as of December 31, 2024, primarily due to (i) an increase of RMB283.4 million in inventories, and (ii) an increase of RMB367.8 million in cash and cash equivalents, and partially offset by (i) an increase of RMB84.9 million in trade payables, and (ii) an increase of RMB293.2 million in interest-bearing bank borrowings.

Our net current assets increased to RMB2,821.7 million as of December 31, 2024, from RMB2,629.8 million as of December 31, 2023, primarily due to (i) an increase of RMB263.5 million in inventories, (ii) an increase of RMB608.9 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB66.3 million in trade and bills receivables, partially offset by (i) a decrease of RMB489.8 million in cash and cash equivalents, (ii) an increase of RMB51.9 million in trade payables, and (iii) an increase of RMB156.6 million in other payables and accruals.

INDEBTEDNESS

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current				
Interest-bearing borrowings	—	36,579	329,729	468,578
Lease liabilities	17,884	19,565	12,752	9,046
Non-current				
Interest-bearing borrowings	—	34,121	67,172	70,162
Lease liabilities	26,992	14,370	7,767	11,358
Total	**44,876**	**104,635**	**417,420**	**559,144**

Interest-bearing Bank Loans

We had interest-bearing bank borrowings of nil, RMB70.7 million, RMB396.9 million and RMB538.7 million as of December 31, 2023, 2024, 2025 and February 28, 2026, respectively. The effective interest rate of our interest-bearing bank loans ranged between 2.11% and 2.76% during the Track Record Period.

Among the interest-bearing bank borrowings as of December 31, 2024 and 2025, the bank borrowings amounting to RMB70.7 million and RMB396.9 million, respectively, were guaranteed by our Company and a non-controlling shareholder of a subsidiary. The guarantee provided by a non-controlling shareholder of a subsidiary has been fully released in December 2025.

As of February 28, 2026, we had banking facilities of RMB1,100.0 million, of which RMB548.1 million had not been utilized.

Lease Liabilities

Our lease liabilities including current and non-current portions, primarily relate to our leased buildings. Our lease liabilities were RMB44.9 million, RMB33.9 million, RMB20.5 million, and RMB20.4 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively, changes of which were primarily due to our new or renewed office leases.

Indebtedness Statement

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and that our Group did not experience any difficulty in obtaining bank loans and other borrowings, material default in payment of trade and non-trade payables, bank loans and other borrowings or breach of covenants during the Track Record Period and up to the date of this document.

Except as disclosed above, as of February 28, 2026, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since February 28, 2026, and up to the date of this document.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any contingent liabilities or guarantee.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period were primarily related to purchase of property, plant, equipment and intangible assets. Our capital expenditures were RMB233.3 million, RMB240.3 million and RMB256.2 million, respectively, in 2023, 2024, and 2025. We intend to fund our future capital expenditures with **[REDACTED]** from equity and debt financings and the cash on our consolidated statements of financial position.

CAPITAL COMMITMENT

The table below sets forth the capital commitments as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Property, plant and equipment	86,257	22,910	36,717

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

KEY FINANCIAL INDICATORS

The following table sets forth our selected financial indicators for the years and as of the dates indicated.

	As of or for the year ended December 31,		
	2023	**2024**	**2025**
Revenue growth rate	(17.9)%	28.0%	16.5%
Net debt-to-equity ratio[1]	(11.4)%	7.8%	8.4%
Current ratio[2]	5.3	4.2	3.7
Quick ratio[3]	3.8	2.9	2.6

(1) Net debt-to-equity ratio equals total liabilities net of cash and cash equivalents at the end of the year divided by total equity at the end of the year.
(2) Current ratio was calculated based on current assets of the respective year, divided by current liabilities.
(3) Quick ratio equals to the current assets (excluding inventories) divided by current liabilities as of the date indicated.

FINANCIAL RISKS

Our activities expose us to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance.

Interest Rate Risk

Interest-bearing financial instruments at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest risk, respectively. We determine the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and perform regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The cash flow interest rate risk and fair value interest rate risk that we exposed to are not significant.

Foreign Exchange Risk

We are exposed to foreign exchange risk arising from export sales denominated in foreign currencies. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. Further quantitative data in respect of our exposure to foreign exchange risk arising are disclosed in Note 43 to the Accountants' Report included in Appendix I to this document.

Credit Risk

The carrying amounts of cash and cash equivalents, time deposits, trade and bills receivables, and other financial assets at amortized cost included in the consolidated statements of financial position represent the our maximum exposure to credit risk in relation to our financial assets. We do not provide any guarantees which would expose us to credit risk.

Cash and cash equivalents, time deposits and restricted cash are primarily held with state-owned or listed banks and subject to the impairment requirements of IFRS 9, and the identified impairment loss was immaterial as of December 31, 2023, 2024 and 2025.

We apply the IFRS 9 simplified approach to measuring expected credit losses ("ECLs"), which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade and bills receivables have been grouped based on shared credit risk characteristics and aging. We have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. We also made individual assessment on the recoverability of our trade and bills receivables for certain customers based on historical settlement records. Further details of credit risk, see Note 43 to the Accountants' Report included in Appendix I to this document.

Liquidity Risk

Our approach to managing liquidity risk is to ensure sufficient capital liquidity to meet its due debts without incurring unacceptable losses or causing damage to our reputation. We regularly analyze our liability structure and maturity dates to ensure the maintenance of ample liquidity. Our management monitors the utilization of bank borrowings and ensures compliance with borrowing agreements. At the same time, we maintain close cooperation with financial institutions to maintain sufficient credit lines and effectively prevent and to control liquidity risks. Further details of liquidity risk, see Note 43 to the Accountants' Report included in Appendix I to this document.

DIVIDENDS

During the Track Record Period, we declared and paid cash dividends to our Shareholders as follows.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Dividends declared	107,846	47,073	95,062

As of the Latest Practicable Date, we had paid these dividends in full.

We do not have any pre-determined dividend payout ratio. Pursuant to the Articles of Association and in accordance with the PRC laws and regulations, such as the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies—Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025修正)》), we shall, where specific conditions are met, distribute cash dividends in an amount not less than 10% of the distributable profits recorded in the current year after making up for losses and making the required appropriations to statutory reserves and surplus reserves.

Any future determination to pay dividends will be made at the discretion of our Directors and the approval at our Shareholders' meetings and may be based on a number of factors, including our future operations and earnings, capital requirements, general financial condition, and other factors that our Directors may deem relevant.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to the Group, including the estimated **[REDACTED]** from the **[REDACTED]** and the expected cash generated from operating activities, we have sufficient working capital for our current requirements and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our consolidated retained profits amounted to RMB2,875.6 million, available for distribution to our shareholders.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]**, and other fees incurred in connection with the **[REDACTED]**. We recorded **[REDACTED]** expenses of **[REDACTED]**, **[REDACTED]** and RMB**[REDACTED]** (including deferred **[REDACTED]** expenses) in 2023, 2024 and 2025, respectively. The estimated total **[REDACTED]** expenses (based on the mid-point of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately RMB**[REDACTED]** (equivalent to approximately HK$**[REDACTED]**), accounting for approximately **[REDACTED]**% of our **[REDACTED]** from the **[REDACTED]**. The estimated total **[REDACTED]** expenses consist of (i) **[REDACTED]** expenses (including but not limited to **[REDACTED]** and fees) of approximately RMB**[REDACTED]** (approximately

HK$**[REDACTED]**), and (ii) **[REDACTED]** expenses of approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**), and other fees and expenses of approximately RMB**[REDACTED]** (approximately HK$**[REDACTED]**). Approximately RMB**[REDACTED]** (equivalent to approximately HK$**[REDACTED]**) of the estimated **[REDACTED]** expenses is directly attributable to the issue of new Shares to the public and will be account for as a deduction from equity upon completion of the **[REDACTED]**. Approximately RMB**[REDACTED]** (equivalent to approximately HK$**[REDACTED]**) is expected to be charged in profit or loss before or upon completion of the **[REDACTED]**. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The **[REDACTED]** expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements as set out in "Appendix I—Accountants' Report" to this document, and up to the date of this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.