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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 Accounting Standards.

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

For the purposes of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to the years ended December 31, 2023, 2024 and 2025, respectively.

OVERVIEW

We are one of the world’s leading providers of micro- and nanofabrication solutions, offering a comprehensive product portfolio primarily encompassing micro-electro-mechanical system (“MEMS”) micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems.

We design and manufacture high-precision micro-scale components and systems serving the semiconductor and advanced manufacturing industries. Our principal products include: (i) *MEMS micro- and nanofabrication components*, which are miniaturized structural devices, including shielding covers, micro-mechanical structures, and microscopic connectors used in acoustic and pressure sensors. Our MEMS components are integrated into smartphones, AR/VR headsets, medical hearing aids, and Bluetooth speakers for voice capture, noise control, and barometric sensing; (ii) *semiconductor test probes*, which are critical consumables that form electrical connections between test equipment and chips during design verification, wafer-level testing, and post-packaging testing. Our probes are used for testing logic, memory, analog, power, and RF devices that power 5G smartphones and AI/data-center computing; and (iii) *miniature transmission systems*, which are precision mechanical assemblies comprising micro motors, gears, and related components that enable power transmission and motion conversion in compact spaces. Our miniature transmission systems serve as drive trains in household robots and smart home appliances requiring quiet operation, durability, and precise motion control.

We experienced robust growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB285.5 million, RMB567.9 million and RMB864.2 million, respectively.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards as issued by the IASB, which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the historical financial information throughout the Track Record Period.

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The historical financial information has been prepared under the historical cost convention, except for bills receivable at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by the general factors that impact our total addressable market, including, among others, overall economic growth in China and globally, technological advancement and competitive landscape in the industry in which we operate, geopolitical relations, regulatory oversight and government policies. Changes in any of these general factors could affect the demand for our products and our results of operations.

In addition to the general factors mentioned above, we believe our results of operations are more directly affected by the following specific factors:

Industry cycle and demand for our products

Our business performance is affected by the downstream market size and customer demand for more efficient micro- and nanofabrication products. The overall growth of global and China’s micro- and nanofabrication market is mainly driven by growing downstream industries and their escalating demand.

As one of the most important application sectors for micro- and nanofabrication, the global semiconductor market reached RMB5,136.8 billion in 2025 and is expected to grow to RMB7,755.3 billion by 2030, representing a CAGR of 8.1% from 2026 to 2030, according to Frost & Sullivan. Within the semiconductor industry, semiconductor test consumables are indispensable for ensuring production efficiency and yield. Leveraging micro- and nanofabrication technologies, these consumables meet the stringent precision, reliability, and consistency demands of semiconductor production. The global semiconductor test consumables market reached RMB27.9 billion in 2025 and is expected to increase to RMB37.2 billion by 2030, representing a CAGR of 6.0% from 2026 to 2030, according to Frost & Sullivan. In addition, the MEMS market represents another major application area for emerging micro- and nanofabrication technologies in the semiconductor field. In 2025, the global MEMS market reached RMB124.6 billion and is expected to increase to RMB170.9 billion by 2030, representing a CAGR of 6.7% from 2026 to 2030, according to Frost & Sullivan. Benefiting from their advantages in miniaturization, high precision, and reliability, MEMS devices are increasingly used in semiconductors, consumer electronics, automotive electronics, and other fields, driving sustained demand for advanced micro-nano manufacturing capabilities.

Our financial performance relies on our ability to innovate and develop products that align with the latest technological trends and customer preferences. We believe that our diverse product offering, proven track record of business growth, and our ability to constantly innovate and adapt to evolving technological advancements, combined with our strong R&D capabilities in micro- and nanofabrication product development, well-position us to capture the market opportunities in global and China’s growing micro- and nanofabrication industry.

Furthermore, our business and financial performance are closely tied to the cyclical nature of semiconductor industry. This inherent cycle typically comprises recurring phases of expansion, peak, downturn and recovery, and is driven by a variety of factors, including macroeconomic conditions, capital expenditure trends, technology transitions, inventory adjustments, and adjustment in end-market

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demand and supply structure. Taking a more granular view, at any given time, different sectors within the semiconductor industry may be at different phases of the cycle, due to the intricate interactions of the various factors mentioned above in different sectors. Among the various factors, end-markets developments could have a more pronounced effect on the industry cycle, the demand for our products, and therefore our financial performance.

Ability to design, manufacture and market technologically advanced and cost-competitive products

Sustained innovation in micro- and nanofabrication, is the cornerstone of our business. Through joint development programs with industry leaders, our engineers have developed deep understanding of international technical standards and customer qualification processes, helping ensure our products meet diversified customer requirements. We have developed a comprehensive product portfolio, primarily encompassing MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems. Our MEMS micro- and nanofabrication components are sold to MEMS sensor manufacturers, primarily for acoustic and pressure sensing. Our semiconductor test probes are purchased by major chipmakers and independent semiconductor testing service providers; they are key consumables used in packaging and test. Our miniature transmission systems are supplied to cleaning robot OEMs.

Our continued growth depends, in part, on our ability to design, manufacture and market technologically advanced and cost-competitive products, which will enable us to further secure design wins, increase market share, expand cross-selling opportunities, and reach customers in a broader range of industry verticals. We strive to work closely with current and prospective customers to anticipate their requirements and product roadmaps. This better enables us to develop innovative products designed for their needs and achieve design wins, which are decisions by manufacturers and their end-customers to incorporate our products into their systems. Although design wins are not binding commitments by customers to purchasing our products, we believe that achieving design wins is an important performance indicator. Our customers typically devote substantial time and resources to designing their products as well as qualifying their component suppliers and their products. Once our products have been designed into a system, the customers are typically reluctant to alter their designs due to the significant costs and time associated with qualifying a new supplier or a replacement component, and we endeavor to maintain our incumbent position with our customers by continually improving our products to meet their evolving needs. Our long-term sales expectations are based on forecasts from customers and internal estimates of demand factoring in the expected time-to-market of the final products incorporating our products and their respective sales potential.

As we offer a diversified portfolio of high-quality products for a wide range of downstream applications, our gross profit margin varies across business lines, and may also differ between the product types we offer within each business line, due to a variety of factors such as technological advancement, pricing power, demand in the verticals, product tiering strategy, stages in the product life cycle, and availability of competing products. Changes to our product mix, whether in response to our business strategies, the global and domestic market conditions, government policies or other factors, may affect our results of operations over time. We intend to continually monitor and adjust our product mix across business lines to maximize our revenue and profitability.

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Ability to maintain and improve cost and operating efficiency

Our ability to manage and control our cost of sales and operating expenses can significantly affect our profitability and results of operations. Our direct material costs and manufacturing overhead costs had an increasing trend during the Track Record Period, as we launched new products to support our business expansion. In 2023, 2024 and 2025, our direct material costs amounted to RMB102.1 million, RMB227.9 million and RMB346.2 million, respectively; while our manufacturing overhead costs amounted to RMB46.7 million, RMB100.1 million and RMB148.1 million in the same years, respectively.

Our operating expenses primarily consist of research and development expenses, administrative expenses and selling and distribution expenses. R&D are critical to maintaining our market-leading position and to the sustained growth of our business by ensuring that we can continue to meet the evolving downstream needs of our products.

As a result of consistent investment in R&D activities, our research and development expenses amounted to RMB72.2 million, RMB56.9 million and RMB63.4 million in 2023, 2024 and 2025, respectively, accounting for approximately 25.3%, 10.0% and 7.3% of our total revenue in the same years, respectively. Our R&D investment has resulted in various technological achievements. See “Business — Our Competitive Strengths — Integrated R&D-to-manufacturing, enabling efficient commercialization and scalable output.” As the micro- and nanofabrication industry is subject to constant and rapid changes in technology, constant product and technology upgrade, frequent new product introductions and evolving technical standards, we expect to continue investing in R&D activities to maintain and enhance our competitive strength. However, there is no guarantee that our investment in R&D will eventually result in desirable outcome, or we are able to successfully commercialize our R&D results. If that happens, our results of operations would be adversely affected. See “Risk Factors — Risks Relating to Our Business and the Industry in which We Operate — Our R&D initiatives may fail to keep up with rapid technological changes and evolving industry standards, which may render our products and technologies uncompetitive or obsolete, and demand for our products may decrease, which in turn could harm our business, financial condition and results of operations.”

The effectiveness of our management, as well as our sales and marketing activities, is also crucial to our business. In 2023, 2024 and 2025, our administrative expenses were RMB30.9 million, RMB35.7 million and RMB42.9 million, respectively, accounting for approximately 10.8%, 6.3% and 5.0% of our total revenue in the same periods, respectively. In 2023, 2024 and 2025, our selling and marketing expenses were RMB19.4 million, RMB25.2 million and RMB33.1 million, respectively, accounting for approximately 6.8%, 4.4% and 3.8% of our total revenue in the same periods, respectively. During the Track Record Period, both administrative and other expenses, as well as selling and distribution expenses, had a general downward trend in proportion to revenue, reflecting our enhanced efforts to improve our operational efficiency.

Ability to successfully integrate acquired businesses and effectively manage investments in associates

Our financial results could be negatively impacted by our investments or acquisitions. These investments and acquired assets or businesses may not generate the expected financial results. In 2023, 2024 and 2025, we recorded share of losses of associates of RMB0.4 million, RMB1.2 million and RMB0.2 million, respectively.

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Additionally, investments or acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. The costs of identifying and consummating investments and acquisitions may be significant. We may also incur significant expenses in obtaining necessary approvals from relevant local government authorities. Investments and acquisitions could also result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities and exposure to potential unknown liabilities of the acquired business. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations. We may also face challenges in international acquisitions, such as compliance with local law and regulation, limited access to target companies and cultural assimilation challenges. Thus, our ability to successfully integrate acquired businesses and effectively manage investments in associate can significantly affect our business, financial condition and results of operations. See “Risk Factors — Risks Relating to Our Business and the Industry in which We Operate — Strategic alliances, investments, acquisitions and divestures may affect our business, financial condition and results of operations. We may not be able to achieve our anticipated benefits and synergistic effects from such alliances, investments and acquisitions.”

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management will continually evaluate such estimates, assumptions and judgments based on experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

When reviewing our financial results, you should consider: (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. The basis for the determination of these items may change in the future, and as a result, actual results could differ from those estimates. Set forth below are discussions of the accounting policies that involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Set forth below are discussions of the accounting policies that we believe are of critical importance to us in the preparation of our financial statements. See Notes 2.3 and 3 to the Accountants’ Report in Appendix I in this document for details.

Revenue Recognition

Non-vendor Managed Inventory (“VMI”) Consignment Sales

Revenue from sales of non-VMI consignment products is recognized at the point in time when control of the products has transferred to the customers, generally when the products are accepted by the customer or at the point of on board, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the

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specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed.

VMI Consignment Sales

For VMI consignment products, as agreed in the sales contract, products are considered delivered when accepted by the customer.

For other accounting policies regarding our revenue recognition, including (i) revenue from contracts with customers; (ii) sales of goods; (iii) rental income; and (iv) other income, please see Note 2.3 to the Accountants’ Report in Appendix I in this document for details.

Impairment of Non-Financial Assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the relevant periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

We assess whether there is any indication of impairment for all non-financial assets (primarily including properties, plants and equipment, right of use assets, and other intangible assets) at the end of each of the relevant periods in accordance with IAS 36 Impairment of Assets. Given that we sustained losses for the years ended December 31, 2023 and 2024, primarily due to our strategic effort to enhance MEMS market share and capture market position through offering competitive pricing, and the

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continuous significant investment in MEMS and Semiconductor test probes research and development, indicating potential impairment of its non-financial assets, we diligently carried out impairment testing at the end of December 31, 2023 and 2024.

For the purpose of impairment review, the carrying amount of non-financial assets was compared to the corresponding recoverable amount, which was based predominantly on value-in-use (“VIU”). VIU is the present value of the future cash flows expected to be derived from an asset or cash-generating unit (“CGU”). An impairment loss is recognized if the carrying amount of each CGU exceeds its recoverable amount. The management identified four CGUs (MEMS micro- and nanofabrication components, Semiconductor test probes, Miniature transmission systems, and Suzhou Yoke), because they can generate independent cash flows. The calculation of VIU was performed by an independent external valuer, using cash flow projections based on financial budgets approved by senior management, leveraging management’s extensive experience in the industry and expectation of future business and market development. The projections covered a five-year or ten-year period, based on the estimated useful life of core assets in respective CGU. Based on the assessment result, VIU is greater than carrying amounts of non-financial assets, hence, no impairment was recognized.

The following table sets out the key assumptions adopted by management in the impairment assessment:

CGUs	MEMS micro- and nanofabrication components		Semiconductor test probes		Miniature transmission systems		Suzhou Yoke	
	As of December 31							
	2023	2024	2023	2024	2023	2024	2023	2024
Gross margin rate . . .	11.8%–32.7%	11.8%–32.7%	30.9%–48.3%	48.2%–48.3%	5.3%–21.0%	8.5%–21.0%	23.3%–27.2%	27.0%–30.0%
Annual revenue growth rate.	5.0%–30.8%	5.0%–30.8%	5.0%–140.2%	5.0%–140.2%	5.0%–3,684.8%	5.0%–27.8%	7.6%–19.7%	3.0%–16.8%
Pre-tax discount rate . .	13.7%	13.9%	14.8%	14.4%	13.7%	13.3%	15.2%	11.9%

The forecasted gross margin rate and forecasted annual revenue growth rate used in the impairment testing were determined by management based on past performance and its expectation for market development. Discount rates reflect market assessments of the time value and the specific risks relating to the industry. These estimates and judgments may be affected by unexpected changes in the future market or economic conditions. We have considered the reasonably possible changes to the key assumptions as adopted in the impairment assessments and consider that they will not result in any impairment charge to be recognized.

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DESCRIPTION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth key items of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	285,514	567,900	864,186
Cost of sales	(225,807)	(478,126)	(706,403)
Gross profit	59,707	89,774	157,783
Other income and gains	32,911	23,968	11,516
Selling and marketing expenses	(19,362)	(25,234)	(33,088)
Administrative expenses	(30,871)	(35,709)	(42,901)
Research and development expenses	(72,169)	(56,943)	(63,357)
Impairment losses on financial and contract assets, net . .	(2,952)	(4,319)	(1,187)
Other expenses	(1,029)	(6,008)	(1,903)
Finance costs	(178)	(1,247)	(357)
Share of profits and losses of associates	(432)	(1,187)	(191)
Profit/(loss) before tax	(34,375)	(16,905)	26,315
Income tax credit	13,468	8,266	3,480
Profit/(loss) for the year	(20,907)	(8,639)	29,795
Attributable to:			
Owners of the parent	(20,939)	(8,708)	29,792
Non-controlling interests	32	69	3
	(20,907)	(8,639)	29,795
Total comprehensive income/(loss) for the year	(21,309)	(8,558)	30,704
Attributable to:			
Owners of the parent	(21,340)	(8,632)	30,708
Non-controlling interests	31	74	(4)
	(21,309)	(8,558)	30,704

Revenue

Revenue by Business Line

During the Track Record Period, our revenue was generated from the sales of (i) MEMS micro-and nanofabrication components; (ii) semiconductor test probes; (iii) miniature transmission systems; and (iv) others.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
MEMS micro-and nanofabrication components						
— EMI shielding covers	96,979	34.0	151,021	26.6	160,366	18.5
— Precision structural components	94,891	33.2	93,827	16.5	180,639	20.9
— Precision connectors	8,207	2.9	10,744	1.9	10,267	1.2
<i>Subtotal</i>	<i>200,077</i>	<i>70.1</i>	<i>255,592</i>	<i>45.0</i>	<i>351,272</i>	<i>40.6</i>
Semiconductor test probes						
— Pin	48,971	17.2	53,239	9.4	80,343	9.3
— Plastic sockets	7,337	2.6	47,184	8.3	153,888	17.8
— Other semiconductor test probes	1,510	0.5	17,750	3.1	23,986	2.8
<i>Subtotal</i>	<i>57,818</i>	<i>20.3</i>	<i>118,173</i>	<i>20.8</i>	<i>258,217</i>	<i>29.9</i>
Miniature transmission systems	4,079	1.4	154,382	27.2	185,141	21.4
Others⁽¹⁾	23,540	8.2	39,753	7.0	69,556	8.1
Total	285,514	100.0	567,900	100.0	864,186	100.0

Note:

- (1) Others mainly represent sales of mold products and scrap materials, as well as rental income. During the Track Record Period, we sold metal offcuts produced during the manufacturing process, to third parties in order to increase the resources recycle and as a means of our ESG initiatives. Revenue from mold products represents sales of customer-specific molds supplied in connection with customized orders to customers that also purchase our main products, and is primarily intended to recover the related design and fabrication costs. In April 2024, we entered into a two-year lease agreement with a third party under which we leased a portion of our manufacturing facility, comprising building space, machinery, office equipment and tools, and electronic devices. This was a one-time arrangement entered into primarily for strategic purposes to facilitate joint collaboration. The lease will expire in April 2026. As a result, we recognized rental income in 2024 and 2025.

During the Track Record Period, revenue generated from our EMI shielding covers experienced sustained growth, increasing from RMB97.0 million in 2023 to RMB151.0 million in 2024 and further to RMB160.4 million in 2025, primarily driven by sizable orders from downstream customers in the consumer electronics and smart device industry. Similarly, revenue generated from our precision structural components also increased from RMB94.9 million in 2023 to RMB180.6 million in 2025, primarily attributable to increased orders from key customers for new product development. In addition, our plastic sockets product line experienced a substantial increase in revenue, growing from RMB7.3 million in 2023 to RMB153.9 million in 2025, primarily driven by increased market demand from customers in the semiconductor and electronic manufacturing industry, as well as our successful penetration into new markets.

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Revenue by Downstream Application

The following table sets forth a breakdown of our revenue by downstream application for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
MEMS micro-and nanofabrication components						
— Consumer electronics and smart devices	159,422	55.9	215,266	38.0	286,817	33.2
— Semiconductors and electronic manufacturing	20,778	7.3	17,569	3.1	35,592	4.1
— Automotive electronic devices	12,378	4.3	11,856	2.0	15,170	1.7
— Medical and health care	6,938	2.4	10,448	1.8	12,698	1.5
— Industrial and security equipment	561	0.2	453	0.1	995	0.1
<i>Subtotal</i>	<u>200,077</u>	<u>70.1</u>	<u>255,592</u>	<u>45.0</u>	<u>351,272</u>	<u>40.6</u>
Semiconductor test probes						
— Semiconductors and electronic manufacturing	57,818	20.3	118,173	20.8	258,217	29.9
<i>Subtotal</i>	<u>57,818</u>	<u>20.3</u>	<u>118,173</u>	<u>20.8</u>	<u>258,217</u>	<u>29.9</u>
Miniature transmission systems						
— Sweeping robots	4,079	1.4	154,382	27.2	185,141	21.4
<i>Subtotal</i>	<u>4,079</u>	<u>1.4</u>	<u>154,382</u>	<u>27.2</u>	<u>185,141</u>	<u>21.4</u>
Others	<u>23,540</u>	<u>8.2</u>	<u>39,753</u>	<u>7.0</u>	<u>69,556</u>	<u>8.1</u>
Total	<u>285,514</u>	<u>100.0</u>	<u>567,900</u>	<u>100.0</u>	<u>864,186</u>	<u>100.0</u>

Revenue by Geographical Region

During the Track Record Period, we sold our products both domestically and internationally. As of the Latest Practicable Date, our products had been sold in China (including Hong Kong and Taiwan) and overseas (including North America, Europe, and other countries and regions in Asia).

The following table sets forth a breakdown of our revenue by geographical region for the years indicated:

	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Asia	250,318	87.7	481,923	84.8	685,174	79.3
— Chinese Mainland	194,207	68.1	407,506	71.7	575,173	66.6
— Hong Kong	14,051	4.9	11,661	2.0	10,471	1.2
— Taiwan	9,170	3.2	11,800	2.1	24,380	2.8
— Other Asian Countries	32,890	11.5	50,956	9.0	75,150	8.7
North America	31,669	11.1	78,728	13.9	171,304	19.8
Europe	3,527	1.2	7,249	1.3	7,708	0.9
Total	<u>285,514</u>	<u>100.0</u>	<u>567,900</u>	<u>100.0</u>	<u>864,186</u>	<u>100.0</u>

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Cost of Sales

Cost of Sales by Nature

Our cost of sales primarily consists of (i) direct material costs; (ii) manufacturing overhead costs; (iii) labor costs; (iv) outsourced processing costs; and (v) inventory impairment losses. The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Direct material costs	102,121	45.2	227,866	47.7	346,166	49.0
Manufacturing overhead costs	46,706	20.7	100,081	20.9	148,087	21.0
Labor costs	42,891	19.0	91,438	19.1	130,150	18.4
Outsourced processing costs	22,433	9.9	45,527	9.5	66,607	9.4
Inventory impairment losses	11,656	5.2	13,214	2.8	15,393	2.2
Total	225,807	100.0	478,126	100.0	706,403	100.0

Cost of Sales by Business Line

The following table sets forth a breakdown of our cost of sales by business line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
MEMS micro-and nanofabrication components						
— EMI shielding covers	72,864	32.3	108,636	22.7	111,322	15.8
— Precision structural components	72,029	31.9	97,057	20.3	208,108	29.5
— Precision connectors	6,057	2.6	9,694	2.0	7,018	0.9
<i>Subtotal</i>	<i>150,950</i>	<i>66.8</i>	<i>215,387</i>	<i>45.0</i>	<i>326,448</i>	<i>46.2</i>
Semiconductor test probes						
— Pin	38,149	16.9	38,779	8.1	57,081	8.1
— Plastic sockets	6,571	2.9	29,308	6.1	69,023	9.8
— Other semiconductor test probes	1,047	0.5	13,612	2.9	19,757	2.7
<i>Subtotal</i>	<i>45,767</i>	<i>20.3</i>	<i>81,699</i>	<i>17.1</i>	<i>145,861</i>	<i>20.6</i>
Miniature transmission systems	4,922	2.2	146,273	30.6	171,596	24.3
Others	24,168	10.7	34,767	7.3	62,498	8.8
Total	225,807	100.0	478,126	100.0	706,403	100.0

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit was RMB59.7 million, RMB89.8 million and RMB157.8 million, respectively. Gross profit margin represents gross profit divided by revenue, expressed as a percentage. In 2023, 2024 and 2025, our gross profit margin was 20.9%, 15.8% and 18.3%, respectively.

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Gross Profit and Gross Profit Margin by Business Line

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

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
MEMS micro-and nanofabrication components						
— EMI shielding covers	24,115	24.9	42,385	28.1	49,044	30.6
— Precision structural components	22,862	24.1	(3,230)	(3.4)	(27,469)	(15.2)
— Precision connectors	2,150	26.2	1,050	9.8	3,249	31.7
<i>Subtotal</i>	<i>49,127</i>	<i>24.6</i>	<i>40,205</i>	<i>15.7</i>	<i>24,824</i>	<i>7.1</i>
Semiconductor test probes						
— Pin	10,822	22.1	14,460	27.2	23,262	29.0
— Plastic sockets	766	10.4	17,876	37.9	84,865	55.1
— Other semiconductor test probes	463	30.7	4,138	23.3	4,229	17.6
<i>Subtotal</i>	<i>12,051</i>	<i>20.8</i>	<i>36,474</i>	<i>30.9</i>	<i>112,356</i>	<i>43.5</i>
Miniature transmission systems	(843)	(20.7)	8,109	5.3	13,545	7.3
Others	(628)	(2.7)	4,986	12.5	7,058	10.1
Total	59,707	20.9	89,774	15.8	157,783	18.3

The negative gross margin of our miniature transmission systems in 2023 was primarily attributable to the ramp-up phase of production, during which we had not yet achieved economies of scale. The negative gross margin in 2023 under the others segment was primarily attributable to losses on mold sales, which are ancillary to our core product offerings and only arise when customers require specifically in customized orders. Beginning in 2023, to solidify our competitiveness in the consumer electronics market, we acquired several new customers who were characterized by their rapid product upgrade cycles, meaning the molds developed for different order batches are not interchangeable. Furthermore, the production process for these molds was highly complex, resulting in relatively higher unit costs given the limited order volumes.

During the Track Record Period, the gross profit margin of our precision structural components deteriorated from 24.1% in 2023 to gross loss margin of 15.2% in 2025, primarily attributable to new product development for key customers which involved complex manufacturing processes and required substantial upfront cost investment during the initial production phases. Meanwhile, the gross profit margin of our plastic sockets improved significantly from 10.4% in 2023 to 55.1% in 2025, primarily due to economies of scale as production volume increased substantially, as well as a favorable shift in product mix toward higher-margin products such as those used in high-computing power chip testing. The gross profit margin of our EMI shielding covers remained relatively stable, increasing from 24.9% in 2023 to 30.6% in 2025, reflecting stable production efficiency and effective cost control measures.

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Gross Profit and Gross Profit Margin by Downstream Application

The following table sets forth a breakdown of our gross profit and gross profit margin by downstream application for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
MEMS micro-and nanofabrication components						
— Consumer electronics and smart devices	39,343	24.7	33,594	15.6	7,306	2.5
— Semiconductors and electronic manufacturing . .	3,880	18.7	701	4.0	9,841	27.6
— Automotive electronic devices	2,403	19.4	1,218	10.3	2,636	17.4
— Medical and health care	3,401	49.0	4,658	44.6	4,782	37.7
— Industrial and security equipment.	100	17.8	34	7.5	259	26.0
<i>Subtotal</i>	49,127	24.6	40,205	15.7	24,824	7.1
Semiconductor test probes						
— Semiconductors and electronic manufacturing . .	12,051	20.8	36,474	30.9	112,356	43.5
<i>Subtotal</i>	12,051	20.8	36,474	30.9	112,356	43.5
Miniature transmission systems						
— Sweeping robots	(843)	(20.7)	8,109	5.3	13,545	7.3
<i>Subtotal</i>	(843)	(20.7)	8,109	5.3	13,545	7.3
Others	(628)	(2.7)	4,986	12.5	7,058	10.1
Total	59,707	20.9	89,774	15.8	157,783	18.3

Our gross profit and our gross profit margin are affected by various factors such as sales composition of different lines of products sold by us, competition within the industry, industry cycle, economic and political environment. For details, see “— Year-to-Year Comparison of Results of Operations.”

Other Income and Gains

Our other income and gains consists of (i) government grants which represent non-recurring financial support or subsidies received from the government; (ii) bank interest income; (iii) investment income from structured deposits; (iv) investment income from financial instruments at amortized cost; (v) gain on partial disposal of investment in an associate; (vi) compensation for early termination of the lease received from the lessor due to the demolition and relocation of such property; (vii) foreign exchange gains, net; (viii) fair value gains on financial assets at fair value through profit or loss, generated primarily from structured deposits; and (ix) others.

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	8,529	5,015	3,216
Bank interest income	10,068	8,409	1,926
Total other income	18,597	13,424	5,142
Gains			
Investment income from structured deposits	12,180	6,283	4,798
Investment income from financial instruments at amortized cost.	253	377	388
Gain on partial disposal of investment in an associate . . .	—	—	642
Compensation for early termination of the lease received from lessor.	—	2,932	—
Foreign exchange gains, net	1,881	—	—
Fair value gains on financial assets at fair value through profit or loss.	—	952	358
Others	—	—	188
Total gains	14,314	10,544	6,374
Total other income and gains	32,911	23,968	11,516

Selling and Marketing Expenses

Our selling and marketing expenses comprise (i) employee compensation expenses for our sales and marketing personnel; (ii) market development expenses incurred from sales and marketing activities; (iii) travel expenses incurred by our sales and marketing personnel; (iv) depreciation and amortization; and (v) other expenses.

The following table sets forth a breakdown of our selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee compensation expenses	10,691	55.2	13,538	53.6	15,397	46.5
Market development expenses	6,838	35.3	9,662	38.3	15,228	46.0
Travel expenses	1,199	6.2	1,376	5.5	1,525	4.6
Depreciation and amortization	414	2.1	420	1.7	329	1.0
Others ⁽¹⁾	220	1.2	238	0.9	609	1.9
Total.	19,362	100.0	25,234	100.0	33,088	100.0

Note:

(1) Others mainly comprise office expenses and communication expenses.

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In 2023, 2024 and 2025, our selling and marketing expenses were RMB19.4 million, RMB25.2 million and RMB33.1 million, respectively, accounting for approximately 6.8%, 4.4% and 3.8% of our total revenue in the same periods, respectively. See “— Year-to-Year Comparison of Results of Operations” for more details.

Administrative Expenses

Our administrative expenses consist of (i) employee compensation expenses for our administrative personnel; (ii) office and travel expenses incurred by our administrative personnel; (iii) depreciation and amortization; (iv) professional service fees; (v) taxes and surcharges; and (vi) other expenses.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee compensation expenses	13,586	44.0	17,286	48.4	20,373	47.5
Office and travel expenses	5,891	19.1	4,687	13.1	6,153	14.3
Depreciation and amortization	4,452	14.4	4,390	12.3	4,038	9.4
Professional service fees	2,736	8.9	2,875	8.1	6,642	15.5
Taxes and surcharges	1,182	3.8	1,263	3.5	1,525	3.6
Others ⁽¹⁾	3,024	9.8	5,208	14.6	4,170	9.7
Total	30,871	100.0	35,709	100.0	42,901	100.0

Note:

- (1) Others mainly comprise miscellaneous expenses such as renovation expenses, recruitment expenses, communication expenses, bank service fees, and insurance expenses.

In 2023, 2024 and 2025, our administrative expenses were RMB30.9 million, RMB35.7 million and RMB42.9 million, respectively, accounting for approximately 10.8%, 6.3% and 5.0% of our total revenue in the same periods, respectively. See “— Year-to-Year Comparison of Results of Operations” for more details.

Research and Development Expenses

Our research and development expenses consist of (i) employee compensation expenses for our R&D personnel; (ii) depreciation and amortization; (iii) material consumption expenses incurred from R&D activities; (iv) patent application fees; and (v) other expenses.

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The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee compensation expenses	34,676	48.0	32,728	57.5	40,756	64.3
Depreciation and amortization	13,042	18.1	8,665	15.2	8,856	14.0
Material consumption expenses	18,252	25.3	11,184	19.6	9,542	15.1
Patent application fees	1,321	1.8	1,328	2.3	1,241	2.0
Others ⁽¹⁾	4,878	6.8	3,038	5.4	2,962	4.6
Total	72,169	100.0	56,943	100.0	63,357	100.0

Note:

- (1) Others mainly comprise office expenses, transportation costs, and other miscellaneous fees such as water and electricity expenses.

In 2023, 2024 and 2025, our research and development expenses were RMB72.2 million, RMB56.9 million and RMB63.4 million, respectively, accounting for approximately 25.3%, 10.0% and 7.3% of our total revenue, respectively. See “— Year-to-Year Comparison of Results of Operations” for more details.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net, represent provision for expected credit loss allowance for trade and bills receivables at amortized cost. We recognize an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

In 2023, 2024 and 2025, we recorded impairment losses on financial assets of RMB3.0 million, RMB4.3 million and RMB1.2 million, respectively.

Other Expenses

Our other expenses primarily represent (i) the impairment loss of goodwill arising from the recoverable amount of Suzhou Yoke’s cash-generating units (“CGUs”) being assessed as less than the carrying amount; (ii) non-operating expenses; (iii) foreign exchange losses; (iv) loss on asset disposal; and (v) discount loss on bank acceptance bills. In 2023, 2024 and 2025, our other expenses were RMB1.0 million, RMB6.0 million and RMB1.9 million, respectively.

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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Finance Costs

Our finance costs comprise interest on (i) interest-bearing bank borrowings; and (ii) lease liabilities. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank borrowings.	90	1,064	170
Interest on lease liabilities	88	183	187
	<u>178</u>	<u>1,247</u>	<u>357</u>

Share of Profits and Losses of Associates

Our share of profits and losses of associates represents our investment profits and losses from our long-term equity investments in the associates. Our share of losses of associates was RMB0.4 million, RMB1.2 million and RMB0.2 million in 2023, 2024 and 2025, respectively.

Income Tax Credit

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operated. During the Track Record Period, we are subject to income tax in the following jurisdictions:

Chinese Mainland

The companies incorporated/established in the Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on January 1, 2008, except for those who are entitled to tax preferential policy set out below:

Our Company is registered as High and New Technology Enterprises pursuant to the tax regulations of the Chinese Mainland and is entitled to a preferential tax rate of 15% during the Track Record Period.

Certain subsidiaries who met the criteria as small-scale and minimal profit enterprise, with annual taxable income less than RMB3,000,000, was subject to an effective preferential income tax rate of 5% for the period during the Relevant Periods.

The U.S.

Our subsidiary incorporated in the U.S. was subject to statutory federal corporate income tax at a rate of 21% and state corporate income tax at a rate of 3.5% on taxable income up to US\$50,000, and 3% on taxable income in excess of US\$50,000 during the Track Record Period.

Japan

Our subsidiary incorporated in Japan was subject to corporate tax at the rate of 15% for ordinary corporation with capital of less than 100 million yen and taxable income not exceeding 8 million yen during the period from 2023 to 2024. The income tax rate for our subsidiary incorporated in Japan increased to 23.2% due to the capital exceeding 100 million yen in 2025.

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Switzerland

Pursuant to the relevant tax laws, our subsidiary located in Switzerland was subject to corporate income tax at a rate of 14.6% during the Track Record Period.

We recorded income tax credit of RMB13.5 million, RMB8.3 million and RMB3.5 million in 2023, 2024 and 2025, respectively, primarily attributable to the super deduction on R&D expenses and net loss during the Track Record Period. According to the relevant laws and regulations promulgated by the STA, enterprises engaging in R&D activities are entitled to claim 175% of their R&D costs incurred as tax deductible expenses when determining their assessable profits for the year ended December 31, 2021 and the nine months ended September 30, 2022. According to the relevant laws and regulations, for the period from October 1, 2022, the aforementioned deduction rate increase to 200%.

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

Profit/(Loss) for the Year

As a result of the foregoing, we recorded a loss for the year of RMB20.9 million and RMB8.6 million in 2023 and 2024, respectively. In 2025, we recorded a profit for the year of RMB29.8 million.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 52.2% from RMB567.9 million in 2024 to RMB864.2 million in 2025. This increase was primarily driven by: (i) an increase of RMB140.0 million in revenue from the sales of semiconductor test probes; and (ii) an increase of RMB95.7 million in revenue from the sales of MEMS micro- and nanofabrication components.

- *Sales of MEMS micro- and nanofabrication components.* Our revenue increased by 37.4% from RMB255.6 million in 2024 to RMB351.3 million in 2025, primarily attributable to the increased sales volume of higher-priced MEMS micro- and nanofabrication components, partially driven by a sizable order of these products from an imaging technology manufacturer for their production of mobile phone camera modules. From the perspective of downstream markets, the revenue growth in sales of MEMS micro- and nanofabrication components was primarily driven by (i) an increase in sales of RMB71.6 million to downstream customers in the consumer electronics and smart device industry, reflecting an industry-wide recovery from the destocking trend in prior years, and (ii) an increase of RMB18.0 million in sales to downstream customers in the semiconductor and electronic manufacturing industry, generally in line with the growth in sales of our semiconductor chip test probes, as market demand was driven by the development of AI.
- *Sales of semiconductor test probes.* Our revenue increased by 118.4% from RMB118.2 million in 2024 to RMB258.2 million in 2025, primarily attributable to the increased sales volume of our semiconductor test probes, mainly driven by (i) increased sales to our existing customers, in particular Customer B, a leading graphics processor designer and manufacturer, which placed sizable orders with us in 2025 in line with its business expansion; and (ii) the expansion of our customer base, as we secured orders from multiple well-known industry players, both of which benefited from the expansion of the global semiconductor market in 2025, primarily driven by the AI revolution.

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- *Sales of miniature transmission systems.* Our revenue increased by 19.9% from RMB154.4 million in 2024 to RMB185.1 million in 2025, primarily attributable to (i) a change in product mix, with an increased proportion of sales of higher-priced products; and (ii) new customers we acquired, which were mainly cleaning robot manufacturers, benefiting from the significant growth in the global cleaning robot market.
- *Others.* Our revenue increased by 74.9% from RMB39.8 million in 2024 to RMB69.6 million in 2025, primarily attributable to the increased sales volume of mold products produced during our production process in line with our business expansion.

Cost of Sales

Our cost of sales increased by 47.8% from RMB478.1 million in 2024 to RMB706.4 million in 2025, generally in line with the growth trend of our revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 75.7% from RMB89.8 million in 2024 to RMB157.8 million in 2025. Our gross profit margin increased from 15.8% in 2024 to 18.3% in 2025, primarily due to an increase in our gross profit margin for the sales of semiconductor test probes.

- *Sales of MEMS micro- and nanofabrication components.* Our gross profit decreased by 38.3% from RMB40.2 million in 2024 to RMB24.8 million in 2025, with our gross profit margin decreased from 15.7% in 2024 to 7.1% in 2025, primarily attributable to reduced profitability from sales to customers in the consumer electronics and smart devices industry. Gross profit from this segment decreased from RMB33.6 million in 2024, with a gross profit margin of 15.6%, to RMB7.3 million in 2025, with a gross profit margin of 2.5%. The decline was mainly due to (i) intensified market competition and (ii) increased orders for certain new products with more complex processes resulting in higher production costs, that had yet to achieve economies of scale in 2025.
- *Sales of semiconductor test probes.* Our gross profit increased by 207.9% from RMB36.5 million in 2024 to RMB112.4 million in 2025, while our gross profit margin increased from 30.9% in 2024 to 43.5% in 2025, primarily attributable to the increased sales volume of plastic sockets, which had a relatively high gross profit margin.
- *Sales of miniature transmission systems.* Our gross profit increased by 66.7% from RMB8.1 million in 2024 to RMB13.5 million in 2025, while our gross profit margin increased from 5.3% in 2024 to 7.3% in 2025, primarily attributable to our shift from outsourcing to in-house production of certain components and had achieved economies of scale as the sales volume of products using such components gradually increased in 2025.
- *Others.* Our gross profit increased by 42.0% from RMB5.0 million in 2024 to RMB7.1 million in 2025, primarily attributable to increased sales of scrap materials and new mold products as we expanded our business scale. We recorded a gross profit margin of 12.5% in 2024 and 10.1% in 2025.

Other Income and Gains

Our other income and gains decreased by 52.1% from RMB24.0 million in 2024 to RMB11.5 million in 2025, primarily due to (i) a decrease of RMB6.5 million in bank interest income, mainly due to a decrease in interest rate for bank deposits in 2025; (ii) a decrease of RMB2.9 million in

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compensation for early termination of the lease received from lessor; (iii) a decrease of RMB1.8 million in government grants, which was mainly due to the reduction in non-recurring government subsidies; and (iv) a decrease of RMB1.5 million in investment income from structured deposits.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 31.3% from RMB25.2 million in 2024 to RMB33.1 million in 2025, primarily attributable to (i) an increase of RMB5.6 million in market development expenses, mainly as a result of an increase in marketing activities to support our business expansion; and (ii) an increase of RMB1.9 million in employee compensation expenses, mainly as a result of an increase in sales and marketing personnel headcount and performance-based bonus.

Administrative Expenses

Our administrative expenses increased by 20.2% from RMB35.7 million in 2024 to RMB42.9 million in 2025, primarily attributable to (i) an increase of RMB3.8 million in professional service fees, mainly relating to the [REDACTED]; (ii) an increase of RMB3.1 million in employee compensation expenses, mainly attributable to an increase in administrative personnel headcount; and (iii) an increase of RMB1.5 million in office and travel expenses in line with our business expansion.

Research and Development Expenses

Our research and development expenses increased by 11.4% from RMB56.9 million in 2024 to RMB63.4 million in 2025, primarily due to an increase of RMB8.0 million in employee compensation expenses, mainly as a result of an increase in R&D personnel headcount to support our new R&D projects, partially offset by a decrease of RMB1.6 million in material consumption expenses, primarily because our new R&D projects were still in their early stages, which did not require substantial materials.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net, decreased from RMB4.3 million in 2024 to RMB1.2 million in 2025, primarily because our trade and bills receivables remained relatively stable at RMB190.5 million in 2024 and RMB208.0 million in 2025.

Other Expenses

Our other expenses decreased from RMB6.0 million in 2024 to RMB1.9 million in 2025. This decrease was primarily due to the non-recurrence of an impairment loss on goodwill of approximately RMB5.6 million recognized in 2024 in connection with Suzhou Yoke a subsidiary acquired in 2023, which experienced under-performance in its operational performance. See Note 18 and Note 33 of the Accountants’ Report to Appendix I in this document.

Finance Costs

Our finance costs decreased from RMB1.2 million in 2024 to RMB357.0 thousand in 2025, primarily attributable to a decrease of RMB894.0 thousand in interest on interest-bearing bank borrowings, mainly due to the maturity of our short-term bank loans.

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Share of Profits and Losses of Associates

Our share of losses of associates decreased from RMB1.2 million in 2024 to RMB191.0 thousand in 2025. The decrease was primarily attributable to (i) Suzhou Yuanxin Private Equity Fund Management Co., Ltd. (蘇州原信私募基金管理有限公司) (“**Suzhou Yuanxin**”) achieving profitability in 2025; and (ii) Jiangsu Furui Micro-Nano Sensing Technology Co., Ltd. (江蘇甫瑞微納傳感科技有限公司) (“**Jiangsu Furui**”), an early-stage company in its development phase with substantial R&D investments, continued to generate losses during the Track Record Period during the Track Record Period. Suzhou Yuanxin is principally engaged in private equity fund management. Our investment was intended to seed an industrial fund and to establish a platform for future strategic investments and alliances. Jiangsu Furui is focused on the R&D of solid-state MEMS, a product area we believe offers positive opportunities for our development and business operations. We are able to exercise significant influence over both Suzhou Yuanxin and Jiangsu Furui through our equity interests.

Income Tax Credit

We recorded income tax credit of RMB8.3 million and RMB3.5 million in 2024 and 2025, respectively.

Profit/Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB8.6 million in 2024, while we recorded profit for the year of RMB29.8 million in 2025.

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

Revenue

Our revenue increased by 98.9% from RMB285.5 million in 2023 to RMB567.9 million in 2024. This increase was primarily driven by: (i) an increase of RMB150.3 million in revenue from the sales of miniature transmission systems; (ii) an increase of RMB60.4 million in revenue from the sales of semiconductor test probes; and (iii) an increase of RMB55.5 million in revenue from the sales of MEMS micro- and nanofabrication components.

- *Sales of MEMS micro- and nanofabrication components.* Our revenue increased by 27.7% from RMB200.1 million in 2023 to RMB255.6 million in 2024, primarily attributable to an increase in sales volume of our EMI shielding covers as we received sizable orders from micro electro-acoustic component manufacturers and IC packaging and testing companies amid the recovery of end markets such as electronics, healthcare, and automotive in 2024. From the perspective of downstream markets, the revenue growth in sales of MEMS micro- and nanofabrication components was primarily driven by (i) an increase in sales of RMB55.8 million to downstream customers in the consumer electronics and smart device industry, reflecting a recovery in the industry leading to an increase in orders, and (ii) an increase of RMB3.5 million in sales to downstream customers in the medical and health care industry, aligned with the growing adoption of advanced testing solutions and AI-driven medical devices.
- *Sales of semiconductor test probes.* Our revenue increased by 104.5% from RMB57.8 million in 2023 to RMB118.2 million in 2024, primarily attributable to an increase in sales volume of our semiconductor test probes, mainly driven by (i) our existing customers expanding procurement from us, amid surging demand for AI chip testing solutions; and (ii) we successfully secured new orders from automotive and medical device manufacturers, both of align with the global semiconductor market recovery in 2024, fueled by advancements in AI.

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- *Sales of miniature transmission systems.* Our revenue increased significantly from RMB4.1 million in 2023 to RMB154.4 million in 2024, primarily attributable to the increased sales volume to certain customers, including a key customer, which was a leading company specializing in high-performance smart home cleaning devices in China.
- *Others.* Our revenue increased by 69.4% from RMB23.5 million in 2023 to RMB39.8 million in 2024, primarily attributable to the increased sales of scrap materials.

Cost of Sales

Our cost of sales increased by 111.7% from RMB225.8 million in 2023 to RMB478.1 million in 2024, primarily attributable to (i) an increase of RMB125.7 million in direct material costs; (ii) an increase of RMB53.4 million in manufacturing overhead costs; and (iii) an increase of RMB48.5 million in labor costs, mainly resulting from (x) a change in product mix, with an increase in the sales proportion of FT sockets that had higher production costs; and (y) the increased sales volume of our products.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 50.4% from RMB59.7 million in 2023 to RMB89.8 million in 2024. Our gross profit margin decreased from 20.9% in 2023 to 15.8% in 2024, primarily due to (i) a decrease in our gross profit margin for the sales of MEMS micro- and nanofabrication components; and (ii) an increase in the sales proportion of miniature transmission systems, which had relatively lower gross profit margins.

- *Sales of MEMS micro- and nanofabrication components.* Our gross profit decreased by 18.1% from RMB49.1 million in 2023 to RMB40.2 million in 2024, with our gross profit margin decreased from 24.6% in 2023 to 15.7% in 2024, primarily attributable to reduced profitability from sales to customers in the consumer electronics and smart devices industry. Gross profit from this segment decreased from RMB39.3 million in 2023, with a gross profit margin of 24.7%, to RMB33.6 million in 2024, with a gross profit margin of 15.6%. The decline was mainly due to (i) pricing pressure from downstream customers adopting cost-saving measures; and (ii) increased production costs for new products, which have not yet achieved economies of scale.
- *Sales of semiconductor test probes.* Our gross profit increased by 201.7% from RMB12.1 million in 2023 to RMB36.5 million in 2024, while our gross profit margin increased from 20.8% in 2023 to 30.9% in 2024, primarily because (i) we recorded an increase in revenue contribution from products with relatively higher gross profit margins, such as IC sockets; and (ii) we gradually achieved economies of scale after shifting from outsourcing to in-house production of certain test probe components in 2024.
- *Sales of miniature transmission systems.* We recorded gross loss of RMB0.8 million in 2023 and incurred gross profit of RMB8.1 million in 2024, while recording a gross loss margin of 20.7% in 2023 and a gross profit margin of 5.3% in 2024, primarily because we were gradually achieving economies of scale for the manufacturing of products that we developed for a leading company specializing in high-performance smart home cleaning devices in China, as they significantly increased their procurement with us in 2024.
- *Others.* We recorded gross loss of RMB0.7 million in 2023 and incurred gross profit of RMB5.0 million in 2024, while recording a gross loss margin of 2.7% in 2023 and a gross profit margin of 12.5% in 2024, primarily attributable to the increased sales proportion of scrap materials in 2024.

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Other Income and Gains

Our other income and gains decreased by 27.1% from RMB32.9 million in 2023 to RMB24.0 million in 2024, primarily due to (i) a decrease of RMB5.9 million in investment income from structured deposits, which was mainly due to the decreased investments in structured deposits; and (ii) a decrease of RMB3.5 million in government grants, as a result of the end of certain non-recurring government subsidies, such as the “Incentives for Corporate Listings and Refinancing” and “Municipal Financial Incentives for Enterprises Achieving High-Quality Development Through Capital Markets;” and (iii) a decrease of RMB1.7 million in bank interest income due to the decreased bank deposit balance, partially offset by an increase of RMB2.9 million in compensation for early termination of the lease received from lessor.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 29.9% from RMB19.4 million in 2023 to RMB25.2 million in 2024, primarily attributable to (i) an increase of RMB2.8 million in employee compensation expenses, primarily attributable to an increase in sales and marketing headcount; and (ii) an increase of RMB2.8 million in market development expenses, primarily attributable to an increase in expenses incurred for participating in several electronics industry exhibitions, such as the Munich Shanghai Electronics Production Equipment Exhibition, in 2024.

Administrative Expenses

Our administrative expenses increased by 15.5% from RMB30.9 million in 2023 to RMB35.7 million in 2024, primarily attributable to an increase of RMB3.7 million in employee compensation expenses, resulting from an increase in administrative personnel headcount.

Research and Development Expenses

Our research and development expenses decreased by 21.2% from RMB72.2 million in 2023 to RMB56.9 million in 2024, primarily due to (i) a decrease of RMB7.1 million in material consumption expenses as some of our R&D projects were nearing completion, while our new R&D projects were just initiated and did not require substantial materials; (ii) a decrease of RMB4.4 million in depreciation and amortization; and (iii) a decrease of RMB1.9 million in employee compensation expenses, mainly due to a decrease in R&D personnel headcount due to the reason as disclosed above.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 43.3% from RMB3.0 million in 2023 to RMB4.3 million in 2024, reflecting the movement in our trade and bills receivables at amortized cost, in line with our business development and expansion.

Other Expenses

Our other expenses increased from RMB1.0 million in 2023 to RMB6.0 million in 2024, primarily attributable to the impairment loss of goodwill associated with Suzhou Yoke.

Finance Costs

Our finance costs increased from RMB0.2 million in 2023 to RMB1.2 million in 2024, primarily attributable to an increase of RMB1.0 million in interest on interest-bearing bank borrowings, as we had a longer interest bearing period for bank loans in 2024.

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Share of Losses of Associates

Our share of losses of associates increased from RMB0.4 million in 2023 to RMB1.2 million in 2024, primarily because certain of our associates incurred more losses. These include Suzhou Yuanxin, which had increased management expenses, and Jiangsu Furui, which was still in the early stages of development and had substantial R&D investments, resulting in negative profitability.

Income Tax Credit

We recorded income tax credit of RMB13.5 million and RMB8.3 million in 2023 and 2024, respectively.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 58.9% from RMB20.9 million in 2023 to RMB8.6 million in 2024.

IMPROVEMENT IN REVENUE, GROSS PROFIT, AND NET PROFIT

During the Track Record Period, we achieved steady growth in revenue, gross profit and net profit. This growth was primarily driven by increased sales volume across all three of our business lines, namely MEMS micro- and nanofabrication components, semiconductor test probes and miniature transmission systems, which in turn benefited from robust demand across our downstream markets.

In 2023, we recorded revenue of RMB285.5 million, gross profit of RMB59.7 million and a net loss of RMB20.9 million. Our performance reflected a challenging year for the global micro- and nanofabrication industry, which experienced a cyclical downturn primarily influenced by the semiconductor market cycle and post-pandemic demand adjustments. The global semiconductor market contracted from USD574.1 billion in 2022, which was its highest-ever annual total, to USD527.0 billion in 2023, impacting demand for our products.

Our performance improved significantly in 2024, with revenue increasing 98.9% to RMB567.9 million, gross profit rising 50.4% to RMB89.8 million, and our net loss narrowing to RMB8.6 million. All three major business lines recorded year-over-year growth, driven primarily by recovery in our key downstream markets. Specifically, revenue from sales of semiconductor test probes from downstream customers in semiconductors and electronic manufacturing industry increased by RMB60.4 million (with gross profit increasing by RMB24.4 million), revenue from consumer electronics and smart devices industry increased by RMB55.8 million (with gross profit decreased by RMB5.7 million), and revenue from medical and health care industry increased by RMB3.5 million (with gross profit increasing by RMB1.3 million).

In 2025, our financial performance continued its upward momentum, with revenue increasing 52.2% to RMB864.2 million, gross profit rising 75.7% to RMB157.8 million, and we achieved profitability with net profit of RMB29.8 million. This improvement was supported by strong growth across multiple business lines: (i) semiconductor test probe revenue increased by RMB140.0 million, with gross profit increasing by RMB75.9 million, primarily benefiting from the recovery and expansion of the global semiconductor market in 2025, which was significantly driven by surging demand for AI-related chips and computing infrastructure; (ii) MEMS micro- and nanofabrication revenue increased by RMB95.7 million, mainly due to a RMB86.8 million increase in precision structural components, as we successfully launched new MEMS components for optical modules used in smartphone cameras. However, gross profit from this segment decreased from RMB40.2 million in 2024 to RMB24.8 million in 2025, primarily due to margin pressure from certain high-complexity MEMS products. Due to the high complexity involved in the production of these products, we experienced manufacturing learning curve effects that temporarily impacted margins as we refined production processes and optimized yields; and (iii) miniature transmission systems revenue increased by RMB30.8 million and gross profit increased by RMB5.4 million, primarily driven by sales mix optimization toward higher-priced products and increased demand from the cleaning robot market.

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DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth statements of our financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment	294,338	343,146	374,759
Right-of-use assets	27,010	26,785	22,884
Goodwill	6,328	726	726
Other intangible assets	8,168	9,383	13,635
Investments in associates	6,303	10,122	9,804
Financial assets at fair value through profit or loss	10,000	16,000	10,358
Prepayments, other receivables and other assets	12,961	5,431	43,255
Deferred tax assets	9,012	17,583	21,425
Total non-current assets	374,120	429,176	496,846
Current Assets			
Inventories	70,228	98,820	104,921
Trade and bills receivables at amortized cost	116,524	190,457	208,036
Contract assets	—	—	156
Bills receivable at fair value through other comprehensive income	5,242	8,036	22,840
Prepayments, other receivables and other assets	99,858	70,962	23,381
Tax recoverable	35	69	4,743
Financial assets at fair value through profit or loss	—	518,952	—
Restricted cash	5,374	788	—
Cash and cash equivalents	706,998	90,808	614,970
Total current assets	1,004,259	978,892	979,047
Current Liabilities			
Trade and other payables	104,579	167,900	198,944
Contract liabilities	152	459	705
Interest-bearing bank borrowings	29,784	12,010	30,019
Lease liabilities	2,341	3,590	2,537
Amounts due to a related party	—	817	2,231
Tax payable	31	4	58
Total current liabilities	136,887	184,780	234,494
Net Current Assets	867,372	794,112	744,553
Total assets less current liabilities	1,241,492	1,223,288	1,241,399
Non-current Liabilities			
Lease liabilities	3,569	2,417	62
Provision	—	282	73
Deferred income	13,333	11,805	13,378
Total non-current liabilities	16,902	14,504	13,513
Net assets	1,224,590	1,208,784	1,227,886
Total equity	1,224,590	1,208,784	1,227,886

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Property, Plant and Equipment

Our property, plant and equipment consist of (i) buildings; (ii) machinery; (iii) vehicles; (iv) office equipment and tools; (v) electronic devices; and (vi) construction in progress.

The table below sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings	78,778	73,726	73,729
Machinery	149,827	205,099	213,918
Vehicles	1,128	596	158
Office equipment and tools	40,378	43,143	58,419
Electronic devices	5,442	10,151	9,118
Construction in progress	18,785	10,431	19,417
Total	294,338	343,146	374,759

Our property, plant and equipment increased from RMB294.3 million as of December 31, 2023 to RMB343.1 million as of December 31, 2024, primarily attributable to increases in net carrying amount of machinery as we purchased certain machinery and equipment, including precision automatic lathe, punch press machines and injection molding machines, to support our business expansion.

Our property, plant and equipment increased from RMB343.1 million as of December 31, 2024 to RMB374.8 million as of December 31, 2025, respectively, primarily due to (i) an increase of RMB15.3 million in net carrying amount of office equipment and tools, generally in line with our business expansion; (ii) an increase of RMB9.0 million in net carrying amount of construction in progress; and (iii) an increase of RMB8.8 million in net carrying amount of machinery, both of which mainly resulting from our expansion and renovation project of production facilities.

See Note 13 to the Accountants’ Report set out in Appendix I to this document for more details.

Right-of-use Assets

Our right-of-use assets represent our rights to utilize underlying assets over the lease term. These assets primarily include leasehold land, equipment, as well as plant and properties, which are utilized in our operations. Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. For details of the accounting policy of right-of-use assets, see Note 2.3 to the Accountants’ Report set out in Appendix I to this document.

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Our right-of-use assets remained relatively stable at RMB27.0 million and RMB26.8 million as of December 31, 2023 and 2024, respectively. Our right-of-use assets decreased from RMB26.8 million as of December 31, 2024 to RMB22.9 million as of December 31, 2025, primarily due to the normal amortization of our lease agreements.

See Note 14 to the Accountants’ Report set out in Appendix I to this document for more details.

Goodwill

Our goodwill decreased from RMB6.3 million as of December 31, 2023 to RMB0.7 million as of December 31, 2024. This is mainly due to the impairment loss of goodwill associated with Suzhou Yoke in 2024 as the recoverable amount of Suzhou Yoke’s CGU was assessed to be less than the carrying amount.

Our goodwill remained stable at RMB0.7 million as of December 31, 2024 and December 31, 2025.

Impairment Testing of Goodwill

Goodwill acquired through business combinations is allocated to the Suzhou Yoke cash-generating unit.

The recoverable amount of the Suzhou Yoke’s cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As of December 31, 2023, 2024 and 2025, the pre-tax discount rate applied to the cash flow projections is 15.2%, 11.9% and 10.7% respectively and the compounded revenue growth rate during the five-year period is 12.3%, 8.5% and 3.8% respectively.

The carrying amount of the Suzhou Yoke’s cash-generating unit was impaired by RMB5.6 million during the year ended December 31, 2024. Consequently, the carrying amount of goodwill was written down by RMB5.6 million. The impairment loss recognized was included in “Other expenses” in the consolidated statement of profit or loss. The recoverable amount of the cash-generating unit was RMB0.7 million as of December 31, 2024. The impairment was attributable to the decrease in customers’ demands and selling prices of the technological iteration of precision instrument equipment of Suzhou Yoke.

Assumptions were used in the value in use calculation of Suzhou Yoke’s cash-generating units as of December 31, 2023, 2024 and 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- *Compounded revenue growth rate* — The compound revenue growth rate was estimated based on the historical sales data and market outlook perceived by management.
- *Discount rates* — The discount rate used was pre-tax and reflected specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of industrial products, discount rates and raw materials price inflation were consistent with external information sources.

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Sensitivity Analysis

For the Suzhou Yoke’s cash-generating, the estimated recoverable amounts exceeded its carrying values by RMB1.5 million and RMB2.2 million as of December 31, 2023 and 2025, respectively.

If the compounded revenue growth rates decreased from 12.3% to 12.2% or the pre-tax discount rate increased from 15.2% to 16.5%, the Suzhou Yoke’s cash-generating’s recoverable amount would be equal to its carrying value as of December 31, 2023.

If the compounded revenue growth rates decreased from 3.8% to 3.6% or the pre-tax discount rate increased from 10.7% to 13.6%, the Suzhou Yoke’s cash-generating’s recoverable amount would be equal to its carrying value as of December 31, 2025.

Other Intangible Assets

Our other intangible assets represent (i) construction in progress; and (ii) software. The construction in progress was primarily related to a quality management software that we purchased. As of December 31, 2023, the platform was not yet completed or ready for use and remained in the debugging phase. Consequently, it was categorized as construction in progress under intangible assets. The software was finalized in June 2024, transferred to intangible assets-software in the same month. The following table sets forth the net carrying amount of our other intangible assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Construction in progress	283	—	—
Software	7,885	9,383	13,635
Total	8,168	9,383	13,635

Our intangible assets increased from RMB8.2 million as of December 31, 2023 to RMB9.4 million as of December 31, 2024. The increase in net carrying amount of software from 2023 to 2024 was primarily due to the purchase of software for office and R&D use. Our intangible assets increased from RMB9.4 million as of December 31, 2024 to RMB13.6 million as of December 31, 2025, primarily because we procured certain software for the R&D of new MEMS micro- and nanofabrication components.

See Note 15 to the Accountants’ Report set out in Appendix I to this document for more details.

Investments in Associates

Our investments in associates amounted to RMB6.3 million as of December 31, 2023, primarily attributable to our equity investments in Suzhou Yuanxin and Jiangsu Furui in 2023. Our investments in associates increased from RMB6.3 million as of December 31, 2023 to RMB10.1 million as of December 31, 2024, primarily attributable to our further equity investments in Jiangsu Furui in 2024. Our investments in associates decreased to RMB9.8 million as of December 31, 2025, primarily due to the partial disposal of our equity interest in Jiangsu Furui in 2025.

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Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of prepayments to suppliers, recoverable value-added tax, [REDACTED] expense, financial instruments at amortized cost, deposits, prepaid expenses, other receivables, rental deposits, and acquisition of property, plant and equipment. The following table sets forth a breakdown of prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Prepayments to suppliers	7,566	4,836	2,475
Value-added tax recoverable	935	387	121
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Financial instruments at amortized cost ⁽¹⁾	90,001	62,801	—
Deposits	652	1,534	1,966
Prepaid expenses	747	930	2,534
Other receivables	29	611	26
	99,930	71,099	23,630
Impairment allowance	(72)	(137)	(249)
	99,858	70,962	23,381
Non-current			
Rental deposits	607	1,443	1,475
Acquisition of property, plant and equipment	12,417	4,208	42,154
	13,024	5,651	43,629
Impairment allowance	(63)	(220)	(374)
	12,961	5,431	43,255
Total	112,819	76,393	66,636

Note:

- (1) Financial instruments at amortized cost represent reserve repurchase of treasury bonds, which are acquired from certain financial institutions, pledged by national treasury bonds for the purpose to earn interest income. Financial instruments at amortized cost are matured within one year and bear fixed interest.

Our prepayments, other receivables and other assets decreased from RMB112.8 million as of December 31, 2023 to RMB76.4 million as of December 31, 2024, primarily due to a decrease of RMB27.2 million in financial instruments at amortized cost. Our prepayments, other receivables and other assets decreased from RMB76.4 million as of December 31, 2024 to RMB66.6 million as of December 31, 2025, primarily attributable to a decrease of RMB62.8 million in financial instruments at amortized cost, partially offset by an increase of RMB37.9 million in acquisition of property, plant and equipment, primarily because we upgraded our production lines and purchased new production equipment to support our production capacity expansion plan in 2026. As of February 28, 2026, approximately RMB27.3 million, or 41.0% of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

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Inventories

Our inventories comprise (i) raw materials; (ii) work in progress; (iii) finished goods; and (iv) contract costs. Raw materials primarily consist of metal structural components, plastic pellets, and reusable materials such as molds. Work in progress refers to partially completed goods still undergoing the production process. Finished goods include products ready for transit at our production plants and products delivered to customers awaiting acceptance. Contract costs refer to costs incurred to fulfill a contract with a customer. As of December 31, 2024, our contract costs primarily comprised labor and material costs incurred in providing products or services to a customer. The costs incurred to fulfill a specific contract with a customer have been capitalized as an asset, as all of the following criteria are satisfied: (i) the costs relate directly to a specific contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The contract costs as of December 31, 2025 were recognized in the statement of profit or loss during the first quarter of 2026, in a manner consistent with the transfer of the related goods or services to the customer. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	21,684	38,191	34,550
Work in progress	20,855	32,783	36,300
Finished goods	41,744	43,666	55,103
Contract costs.	—	1,021	92
	84,283	115,661	126,045
Less: Provision for inventories	(14,055)	(16,841)	(21,124)
Total	70,228	98,820	104,921

Our inventories increased from RMB70.2 million as of December 31, 2023 to RMB98.8 million as of December 31, 2024, primarily attributable to (i) an increase of RMB16.5 million in raw materials; and (ii) an increase of RMB11.9 million in work in progress, mainly because we adjusted our production plans and procured additional raw materials in anticipation of growth in product demand driven by the recovery of the semiconductor market.

Our inventories increased from RMB98.8 million as of December 31, 2024 to RMB104.9 million as of December 31, 2025, primarily attributable to (i) an increase of RMB11.4 million in finished goods; and (ii) an increase of RMB3.5 million in work in progress, mainly because we maintained a higher balance of inventories to fulfill the increased demand for our products in the first quarter of 2026.

We make provisions to write down our inventories to their net realizable value if their expected net realizable value is lower than their costs. As of December 31, 2023, 2024 and 2025, our provision for inventories amounted to RMB14.1 million, RMB16.8 million and RMB21.1 million, respectively. The increase in our provision of inventories during the Track Record Period was primarily in line with our increased inventories.

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

	As of December 31,		
	2023	2024	2025
Within one year	59,274	86,259	93,013
One to two years	10,527	5,437	4,569
Two to three years	338	7,022	1,577
More than three years	89	102	5,762
Total	70,228	98,820	104,921

We believe that sufficient provision has been made for inventory write-downs. Inventories are stated at the lower of cost and net realizable value. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

The following table sets forth the number of our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	105	65	53

Note:

- (1) Calculated as the average of the opening and closing inventory balances for the year, divided by the cost of sales for the relevant year, multiplied by the number of days in the relevant year, which is 365 days for each year.

Our inventory turnover days decreased from 105 days in 2023 to 65 days in 2024 and further to 53 days in 2025, primarily due to the increased product demand driven by the recovery of the semiconductor market, which in turn accelerated sales of our products, as well as our continuous efforts to optimize inventory management.

As of February 28, 2026, approximately RMB48.3 million, or 46.0% of our inventories as of December 31, 2025 had been subsequently consumed or sold. Our gross profit margin remains relatively stable, with no significant reductions in sales prices. We consider the post-period consumption of inventory to be consistent with historical turnover rates and in line with expectations. Furthermore, no additional obsolete or slow-moving inventory has been identified. In our assessment, there is no significant risk regarding our provision for inventory write-downs.

Trade and Bills Receivables at Amortized Cost

Our trade and bills receivables at amortized cost primarily consist of (i) trade receivables at amortized cost, which primarily represent outstanding amounts due from our customers for products sold in the ordinary course of our business; and (ii) bank acceptance bills receivable at amortized cost, primarily relating to the commercial bills received from customers for the settlement of orders with us during the ordinary course of our business.

During the Track Record Period, we generally granted our customers credit periods ranging from 30 to 120 days. The following table sets forth a breakdown of our trade and bills receivables at amortized cost as of the dates indicated:

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	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables at amortized cost	122,470	199,576	217,406
Bank bills receivable at amortized cost	—	890	1,546
	122,470	200,466	218,952
Impairment losses	(5,946)	(10,009)	(10,916)
Total	116,524	190,457	208,036

Our trade and bills receivables at amortized cost increased from RMB116.5 million as of December 31, 2023 to RMB190.5 million as of December 31, 2024, and further increased RMB208.0 million as of December 31, 2025, generally in line with the growth of our revenue.

We assess the recoverability of trade and bills receivables at amortized cost on a forward-looking basis by estimating expected credit losses. Our evaluation incorporates historical settlement patterns, current credit conditions, and forward-looking information to account for changes in credit risk since initial recognition. Trade and bills receivables at amortized cost are reviewed periodically, and impairment losses are recognized through a loss allowance account when necessary.

We recorded allowance for impairment losses on trade receivables at amortized cost of RMB5.9 million, RMB10.0 million and RMB10.9 million as of December 31, 2023, 2024 and 2025, respectively. The increase in impairment losses on trade receivables was mainly due to the rise in the trade receivable balance as our business expanded. Our Directors consider sufficient provision for impairment of trade receivables had been made.

The following table sets forth an aging analysis of our trade and bills receivables at amortized cost, based on recognition date and net of loss allowance, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	115,291	187,823	206,999
One to two years	1,073	2,398	891
Two to three years	160	122	89
Three to four years	—	114	11
Four to five years	—	—	46
Total	116,524	190,457	208,036

We generally recovered trade and bills receivables at amortized cost within one year. Our trade receivables aged one to two years increased significantly as of December 31, 2023 and 2024, which was primarily related to the prolonged payment cycle of certain customers of our MEMS micro- and nanofabrication components, as well as semiconductor test probes businesses. We seek to maintain strict control over our trade and bills receivables at amortized cost and overdue balances are reviewed monthly by senior management. There was no material recoverability issue for our trade and bills receivables at amortized cost as of the end of each year during the Track Record Period. The majority of our outstanding trade and bills receivables at amortized cost as of December 31, 2025 aged less than one year.

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The following table sets forth the number of our trade and bills receivables at amortized cost turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade and bills receivables at amortized cost turnover days ⁽¹⁾	110	99	84

Note:

- (1) Calculated as the average of the opening and closing balances of trade and bills receivables for the year, net of loss allowance, divided by revenue for the relevant year, multiplied by the number of days in the relevant year, which is 365 days for each year.

Our trade and bills receivables turnover days decreased from 110 days in 2023 to 99 days in 2024, and further to 84 days in 2025, primarily due to our continuous enhancement of collection efforts.

As of February 28, 2026, approximately RMB129.9 million, or 59.3% of our trade and bills receivables at amortized cost as of December 31, 2025, had been subsequently settled. Considering that our customers have credit terms mainly ranging from 30 to 120 days, the collection turnover during the Track Record Period was within normal range. Therefore, we believe that there is no significant risk regarding the recoverability of our trade receivables and no significant recoverability issue for trade receivables due to the low subsequent settlement.

Financial Assets at Fair Value through Profit or Loss

Our non-current financial assets at fair value through profit or loss comprise investments in unlisted equity securities. The carrying amount of our non-current financial assets at fair value through profit or loss further increased from RMB10.0 million as of December 31, 2023 to RMB16.0 million as of December 31, 2024, primarily due to an increase in our investment in Suzhou Shunrong Enterprise Phase IV Venture Capital Partnership Enterprise (Limited Partnership) (“**Shunrong Phase IV**”). The carrying amount of our non-current financial assets at fair value through profit or loss decreased to RMB10.4 million as of December 31, 2025, primarily due to the disposal of Shunrong Phase IV during the year, partially offset by fair value gains recognized on other investments.

Our current financial assets at fair value through profit or loss comprise investments in structured deposits. The carrying amount of our current financial assets at fair value through profit or loss increased from nil as of December 31, 2023 to RMB519.0 million as of December 31, 2024, primarily due to an increased balance of structured deposits. The carrying amount of our current financial assets at fair value through profit or loss decreased from RMB519.0 million as of December 31, 2024 to nil as of December 31, 2025, primarily due to a decreased balance of structured deposits.

Our policy is to invest temporarily idle funds in low-risk structured deposits for yield enhancement. All investments undergo a rigorous internal approval process, requiring due diligence by our finance team and authorization from both the finance department director and general manager. The Board sets the overall investment framework but delegates approval for individual transactions to senior management. Therefore, specific Board approval for each investment is not required. Following our [REDACTED], any investments in financial assets measured at fair value through profit or loss,

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particularly our purchases of structured deposits, will need to comply with the requirements of Chapter 14 of the Listing Rules. Depending on the applicable percentage ratios (as defined under the Listing Rules) associated with these investments, such transactions may trigger obligations for reporting, announcements, issuance of circulars to shareholders, or may even require shareholders’ approval.

Restricted Cash

Our restricted cash primarily represented funds frozen by judicial authorities due to a lawsuit in relation to a construction contract dispute, which had been resolved in 2024, and deposits in transit between our overseas subsidiaries. For details of the lawsuit, please refer to “Business — Legal Proceedings and Compliance — Legal Proceedings.” As of December 31, 2023, 2024 and 2025, our restricted cash amounted to RMB5.4 million, RMB0.8 million and nil, respectively.

Cash and Cash Equivalents

As of December 31, 2023, 2024 and 2025, our cash and cash equivalents amounted to RMB707.0 million, RMB90.8 million and RMB615.0 million, respectively. Our cash and cash equivalents primarily consist of cash held at banks, readily accessible on demand to support our operational and liquidity needs.

Trade and Other Payables

Our trade and other payables primarily include (i) trade payables, representing balances due to our suppliers for purchase of direct materials and equipment; (ii) payables for purchase of property, plant and equipment; (iii) payroll and welfare payable; (iv) accrued expenses; (v) other tax payables, such as the withholding individual income tax; (vi) payable for acquisition of a subsidiary representing the payment made to the original shareholders of Suzhou Yoke for the acquisition of Suzhou Yoke; and (vii) others, mainly representing advance payment of lease termination compensation, deposit and guarantee, and employee reimbursement. During the Track Record Period, our suppliers generally granted us credit periods ranging from 30 to 150 days upon receipt of the VAT invoice.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	62,524	130,411	140,730
Payables for purchase of property, plant and equipment.	17,276	9,137	20,027
Payroll and welfare payable	19,087	22,234	30,560
Accrued expenses	1,988	3,097	4,504
Other tax payables	1,034	2,827	2,986
Payable for acquisition of a subsidiary.	1,000	—	—
Others	1,670	194	137
Total	104,579	167,900	198,944

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Our trade and other payables increased from RMB104.6 million as of December 31, 2023 to RMB167.9 million as of December 31, 2024, primarily attributable to (i) an increase in trade payables increased from RMB62.5 million to RMB130.4 million, primarily because we procured more raw materials to meet the demand for increased product sales; and (ii) an increase in payroll and welfare payable from RMB19.1 million to RMB22.2 million, mainly attributable to an increase in employee headcount to support our business expansion, partially offset by a decrease in payables for purchase of property, plant and equipment from RMB17.3 million to RMB9.1 million, mainly because the procurement of equipment in 2023 was concentrated in the fourth quarter, while the procurement of equipment in 2024 was concentrated in the first half of 2024.

Our trade and other payables increased from RMB167.9 million as of December 31, 2024 to RMB198.9 million as of December 31, 2025, primarily attributable to (i) an increase in trade payables increased from RMB130.4 million to RMB140.7 million, primarily because we procured more raw materials to meet the demand for increased product sales; and (ii) an increase in payables for purchase of property, plant and equipment from RMB9.1 million to RMB20.0 million, mainly attributable to the concentration of production equipment procurement at the end of the second quarter of 2025.

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

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	62,030	130,263	140,578
One to two years	489	74	27
Two to three years	—	69	51
Over three years	5	5	74
Total	62,524	130,411	140,730

The following table sets forth the number of our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	78	74	70

Note:

- (1) Calculated as the average of the opening and closing balances of trade and bills payables for the year divided by the cost of sales for the relevant year, multiplied by the number of days in the relevant year, which is 365 days for each year.

Our trade payables turnover days decreased from 78 days in 2023 to 74 days in 2024, and further to 70 days in 2025, primarily due to our accelerated settlement of payments to suppliers. As we worked to improve our product mix by adding new categories, we also brought on new suppliers. Because these business relationships are new, the suppliers have greater leverage and have imposed stricter payment conditions, such as requiring payment in advance or settlement on a monthly basis. This has led to a shortening of our trade payable turnover days.

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As of February 28, 2026, approximately RMB80.3 million, or 57.0% of our trade payables as of December 31, 2025, had been subsequently settled.

NET CURRENT ASSETS

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current Assets				
Inventories	70,228	98,820	104,921	107,396
Trade and bills receivables at amortized cost	116,524	190,457	208,036	180,773
Contract assets	—	—	156	156
Bills receivable at fair value through other comprehensive income	5,242	8,036	22,840	33,253
Prepayments, other receivables and other assets	99,858	70,962	23,381	28,098
Tax recoverable	35	69	4,743	4,736
Financial assets at fair value through profit or loss	—	518,952	—	300,014
Restricted cash	5,374	788	—	366
Cash and cash equivalents	706,998	90,808	614,970	258,907
Total current assets	1,004,259	978,892	979,047	913,699
Current Liabilities				
Trade and other payables	104,579	167,900	198,944	157,591
Contract liabilities	152	459	705	905
Interest-bearing bank borrowings	29,784	12,010	30,019	30,123
Lease liabilities	2,341	3,590	2,537	2,426
Amounts due to a related party	—	817	2,231	1,478
Tax payable	31	4	58	14
Total current liabilities	136,887	184,780	234,494	192,537
Net current assets	867,372	794,112	744,553	721,162

Our net current assets decreased from RMB867.4 million as of December 31, 2023 to RMB794.1 million as of December 31, 2024, primarily due to (i) a decrease of RMB616.2 million in cash and cash equivalents; (ii) an increase of RMB63.3 million in trade and other payables; and (iii) a decrease of RMB28.9 million in prepayments, other receivables and other assets. This was partially offset by (i) an increase of RMB519.0 million in financial assets at fair value through profit or loss; (ii) an increase of RMB73.9 million in trade and bills receivables at amortized cost; and (iii) an increase of RMB28.6 million of inventories.

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Our net current assets decreased from RMB794.1 million as of December 31, 2024 to RMB744.6 million as of December 31, 2025, primarily due to (i) a decrease of RMB519.0 million in financial assets at fair value through profit or loss; (ii) a decrease of RMB47.6 million in prepayments, other receivables and other assets; and (iii) an increase of RMB31.0 million in trade and other payables. This was partially offset by (i) an increase of RMB524.2 million in cash and cash equivalents; (ii) an increase of RMB17.6 million in trade and bills receivables at amortized cost; and (iii) an increase of RMB14.8 million in bills receivable at fair value through other comprehensive income.

Our net current assets decreased from RMB744.6 million as of December 31, 2025 to RMB721.2 million as of February 28, 2026, primarily due to (i) a decrease of RMB356.1 million in cash and cash equivalents; and (ii) a decrease of RMB27.3 million in trade and bills receivables. This was partially offset by (i) an increase of RMB300.0 million in financial assets at fair value through profit or loss; and (ii) a decrease of RMB41.4 million in trade and other payables.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth certain selected information from our consolidated statements of cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash generated (used in)/from operations.	(23,943)	6,006	78,449
Interest received.	10,068	8,409	1,926
Income tax refunded/(paid).	2,819	(366)	(5,061)
Net cash flows (used in)/from operating activities	(11,056)	14,049	75,314
Net cash flows from/(used in) investing activities	543,145	(599,304)	459,927
Net cash flows from/(used in) financing activities	14,333	(30,388)	(12,418)
Net increase/(decrease) in cash and cash equivalents . .	546,422	(615,643)	522,823
Cash and cash equivalents at beginning of year	158,831	706,998	90,808
Effect of foreign exchange rate changes, net	1,745	(547)	1,339
Cash and cash equivalents at end of year	706,998	90,808	614,970

Operating Activities

In 2025, our net cash generated from operating activities was RMB75.3 million, primarily due to profit before tax of RMB26.3 million, as adjusted by (i) non-cash and non-operating items of (a) depreciation of property, plant and equipment of RMB58.5 million, and (b) impairment losses on inventories of RMB15.4 million; and (ii) changes in working capital, which primarily consisted of (a) an increase in trade and other payables of RMB20.4 million, (b) an increase in inventories of RMB21.5 million, (c) an increase in trade and bills receivables at amortized cost of RMB19.9 million, and (d) an increase in bills receivable at fair value through other comprehensive income of RMB14.8 million.

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In 2024, our net cash generated from operating activities was RMB14.0 million, primarily due to loss before tax of RMB16.9 million, as adjusted by (i) non-cash and non-operating items of (a) depreciation of property, plant and equipment of RMB48.5 million, (b) impairment losses on inventories of RMB13.2 million, and (c) bank interest income of RMB8.4 million; and (ii) changes in working capital, which primarily consisted of (a) an increase in trade and other payables of RMB72.1 million, (b) an increase in trade and bills receivables at amortized cost of RMB78.0 million, (c) an increase in inventories of RMB41.8 million, and (d) a decrease in prepayments, other receivables and other assets of RMB10.3 million.

In 2023, our net cash used in operating activities was RMB11.1 million, primarily due to loss before tax of RMB34.4 million, as adjusted by (i) non-cash and non-operating items of (a) depreciation of property, plant and equipment of RMB37.0 million, (b) investment income from structured deposits of RMB12.2 million, (c) impairment losses on inventories of RMB11.7 million, and (d) bank interest income of RMB10.1 million; and (ii) changes in working capital, which primarily consisted of (a) an increase in trade and bills receivables at amortized cost of RMB57.7 million, (b) a decrease in bills receivable at fair value through other comprehensive income of RMB23.2 million, (c) an increase in trade and other payables of RMB23.0 million, (d) an increase in inventories of RMB20.3 million, and (e) a decrease in prepayments, other receivables and other assets of RMB8.8 million.

Investing Activities

In 2025, our net cash generated from investing activities was RMB459.9 million, primarily attributable to proceeds from (i) the maturity of structured deposits of RMB2,884.1 million; and (ii) the maturity of financial instruments at amortized cost of RMB1,279.4 million, partially offset by the purchase of (i) structured deposits of RMB2,360.0 million; (ii) financial instruments at amortized cost of RMB1,216.3 million; and (iii) items of property, plant and equipment and right-of-use assets of RMB128.7 million.

In 2024, our net cash used in investing activities was RMB599.3 million, primarily attributable to the purchase of (i) structured deposits of RMB3,544.0 million; (ii) financial instruments at amortized cost of RMB921.5 million; and (iii) items of property, plant and equipment and right-of-use assets of RMB106.6 million, partially offset by proceeds from (i) the maturity of structured deposits of RMB3,032.7 million; and (ii) the maturity of financial instruments at amortized cost of RMB949.1 million.

In 2023, our net cash generated from investing activities was RMB543.1 million, primarily attributable to proceeds from (i) the maturity of structured deposits of RMB2,929.7 million; and (ii) the maturity of financial instruments at amortized cost of RMB281.2 million, partially offset by the purchase of (i) structured deposits of RMB2,169.8 million; (ii) financial instruments at amortized cost of RMB371.0 million; and (iii) items of property, plant and equipment and right-of-use assets of RMB97.2 million.

Financing Activities

In 2025, our net cash used in financing activities was RMB12.4 million, primarily attributable to (i) repayments of interest-bearing bank and other borrowings of RMB12.0 million; and (ii) payment of [REDACTED] expenses of RMB[REDACTED], partially offset by proceeds from new interest-bearing bank borrowings of RMB30.0 million.

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In 2024, our net cash used in financing activities was RMB30.4 million, primarily attributable to (i) repayments of interest-bearing bank and other borrowings of RMB29.8 million; and (ii) payment of dividends of RMB7.2 million, partially offset by proceeds from new interest-bearing bank borrowings of RMB12.0 million.

In 2023, our net cash generated from financing activities was RMB14.3 million, primarily attributable to proceeds from new interest-bearing bank borrowings of RMB29.8 million, partially offset by payment of dividends of RMB14.4 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we met our working capital requirements mainly from cash generated from operating activities, bank borrowings, and capital injection from shareholders.

Taking into account the financial resources available to us, including (i) cash flow from operating activities; (ii) our available banking facilities; (iii) our cash and cash equivalents on hand; and (iv) the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and requirements for the next 12 months from the date of this document.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

During the Track Record Period, our indebtedness primarily consisted of (i) interest-bearing bank borrowings; and (ii) lease liabilities. 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'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current				
Interest-bearing bank borrowings	29,784	12,010	30,019	30,123
Lease liabilities	2,341	3,590	2,537	2,426
	32,125	15,600	32,556	32,549
Non-current				
Lease liabilities	3,569	2,417	62	109
	3,569	2,417	62	109
Total	35,694	18,017	32,618	32,658

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Interest-Bearing Bank Borrowings

The following table sets forth a breakdown of our interest-bearing bank borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
Current				
Bank loans — unsecured	29,784	12,010	30,019	30,123
Total	29,784	12,010	30,019	30,123

As of December 31, 2023, 2024, 2025 and February 28, 2026, we had borrowings of RMB29.8 million, RMB12.0 million, RMB30.0 million and RMB30.1 million, respectively, primarily comprising unsecured bank loans obtained mainly to supplement our working capital. All of our borrowings are denominated in Renminbi. The effective interest rate on our bank loans in 2023, 2024 and 2025 was 2.6%, 2.6% and 2.1%, respectively..

Our Directors confirm that, as of the Latest Practicable Date, the agreements governing our borrowings did not include any covenants that would have a material adverse effect on our ability to secure additional borrowings or issue debt or equity securities in the future. Furthermore, our Directors confirm that we did not experience any defaults in respect of bank or other borrowings, nor did we breach any covenants during the Track Record Period and up to the Latest Practicable Date.

Additionally, our Directors confirm that, during the Track Record Period and up to February 28, 2026, being the most recent practicable date for determining our indebtedness, we encountered no difficulties in obtaining credit facilities, nor did we experience any withdrawal of facilities or requests for early repayment. As of February 28, 2026, we had unutilized bank facilities amounting to RMB119.0 million. Our Directors further confirm that there has been no material change in our indebtedness since February 28, 2026 and up to the date of this document.

Lease Liabilities

Our lease liabilities primarily represent the amounts to be paid for the leases of our office building. The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
Current	2,341	3,590	2,537	2,426
Non-current	3,569	2,417	62	109
Total	5,910	6,007	2,599	2,535

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Our lease liabilities increased from RMB5.9 million as of December 31, 2023 to RMB6.0 million as of December 31, 2024, primarily attributable to more properties we leased in 2024. Our lease liabilities decreased to RMB2.6 million as of December 31, 2025 and further to RMB2.5 million as of February 28, 2026, primarily due to the normal amortization of one of our lease agreements, which will expire in the first half of 2026.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2023, 2024, 2025 and February 28, 2026. As of February 28, 2026, being the latest 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.

OFF-BALANCE SHEET 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.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

During the Track Record Period, our capital expenditures were primarily for property, plant and equipment. The payment for our capital expenditures amounted to RMB97.2 million, RMB106.6 million, and RMB128.7 million in 2023, 2024 and 2025.

We intend to fund our planned capital expenditures through a combination of the [REDACTED] from the [REDACTED] as well as cash generated from operating activities. See “Future Plans and [REDACTED].” Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, financial condition and results of operations, economic conditions in China and changes in the regulatory environment in China. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

Capital Commitments

The following table sets forth a breakdown of our capital commitments as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Purchases of property, plant and equipment . .	46,588	2,563	15,442
Total	46,588	2,563	15,442

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RELATED PARTY TRANSACTIONS

During the Track Record Period, we engaged in certain related party transactions from time to time. These transactions primarily included the purchase and sale of certain goods. See Note 36 to the Accountants’ Report in Appendix I to this document for more details. Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distinct our results of operations or make our historical results not reflective of our future performance. Our Directors confirm that balances with the related party as of December 31, 2025 will be settled prior to the [REDACTED].

KEY FINANCIAL RATIOS

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

	As of and for the year ended December 31,		
	2023	2024	2025
Gross profit margin (%) ⁽¹⁾	20.9	15.8	18.3
Net profit margin (%) ⁽²⁾	(7.3)	(1.5)	3.4
Current ratio (times) ⁽³⁾	7.3	5.3	4.2
Quick ratio (times) ⁽⁴⁾	6.8	4.8	3.7
Gearing ratio (%) ⁽⁵⁾	2.9	1.5	2.7

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by total revenue for the respective year and multiplied by 100%.
- (2) Net profit margin is calculated based on net profit or loss after tax divided by total revenue for the respective year and multiplied by 100%.
- (3) Current ratio is calculated based on total current assets divided by total current liabilities as of the dates indicated.
- (4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as of the dates indicated.
- (5) Gearing ratio is calculated based on total borrowings (including borrowings and lease liabilities) divided by total equity multiplied by 100%.

Gross Profit Margin

See “— Year-to-Year Comparison of Results of Operations” in this section for more details on our gross profit margin.

Net Profit Margin

Our net loss margin narrowed from 7.3% in 2023 to 1.5% in 2024, and subsequently returned to a net profit margin of 3.4% in 2025, as we gradually returned to a profit-making position.

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Current Ratio and Quick Ratio

Our current ratio decreased from 7.3 times as of December 31, 2023 to 5.3 times as of December 31, 2024 and our quick ratio decreased from 6.8 times as of December 31, 2023 to 4.8 times as of December 31, 2024, primarily due to the increase in current liabilities and the decrease in current assets. The increase in current liabilities was primarily due to (i) an increase in trade and other payables of RMB63.3 million; and (ii) an increase in lease liabilities of RMB1.2 million. The decrease in current assets was primarily due to (i) a decrease in cash and cash equivalents of RMB616.2 million; and (ii) a decrease in prepayments, other receivables and other assets of RMB28.9 million, partially offset by an increase in financial assets at fair value through profit or loss of RMB519.0 million.

Our current ratio decreased from 5.3 times as of December 31, 2024 to 4.2 times as of December 31, 2025 and our quick ratio decreased from 4.8 times as of December 31, 2024 to 3.7 times as of December 31, 2025, primarily due to the increase in current liabilities, partially offset by the increase in current assets. The increase in current liabilities was primarily due to an increase in trade and other payables of RMB31.0 million. The increase in current assets was primarily due to (i) an increase in cash and cash equivalents of RMB524.2 million; (ii) an increase in inventories of RMB6.1 million; and (iii) an increase in trade and bills receivables at amortized cost of RMB17.6 million, partially offset by a decrease in financial assets at fair value through profit or loss of RMB519.0 million.

Gearing Ratio

Our gearing ratio decreased from 2.9% as of December 31, 2023 to 1.5% as of December 31, 2024, and subsequently increased to 2.7% as of December 31, 2025, primarily reflecting the changes in our interest-bearing bank borrowings.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks, including credit risk and liquidity risk in the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For details of the risks to which we are exposed, see note 38 to the Accountants’ Report set out in Appendix I in this document.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, we declared and paid dividends of RMB14.4 million, RMB7.2 million and RMB9.3 million in 2023, 2024 and 2025, respectively.

According to applicable PRC laws and regulations, including 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)年修訂》), and our Articles of Association, subject to the fulfillment of the conditions for cash dividends, the annual cash dividends of the Company shall account for no less than 10% of the profits realized by the Company in that year (calculated in accordance with PRC GAAP) which are available for distribution and attributable to the shareholders. Future profit distributions may be carried out in the form of cash dividends or stock dividends, or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our

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Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

DISTRIBUTABLE RESERVE

As of December 31, 2025, our reserves were RMB1,075.9 million, which represents our distributable reserve as of the same date.

[REDACTED] EXPENSES

The estimated total [REDACTED] expenses (based on the maximum [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] (approximately HK\$[REDACTED]), including (i) [REDACTED], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [REDACTED] of approximately HK\$[REDACTED]; and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of (a) fees and expenses of legal advisors and reporting accountant of approximately HK\$[REDACTED]; and (b) sponsor fee and other fees and expenses of approximately HK\$[REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED] based on the same assumptions.

During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED], of which [REDACTED] expenses of approximately RMB[REDACTED] (HK\$[REDACTED]) as administrative expenses and approximately RMB[REDACTED] (HK\$[REDACTED]) as a deduction in equity directly as of December 31, 2025. The remaining estimated amount of RMB[REDACTED] for our [REDACTED] expenses, approximately RMB[REDACTED] (HK\$[REDACTED]) as administrative expenses and RMB[REDACTED] (HK\$[REDACTED]) is expected to be recognized directly as a deduction from equity upon the [REDACTED].

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information” for details.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material changes to our business model and the general economic and regulatory environment in which we operate, 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 the Accountants’ Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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