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Application Proof of



Suzhou UIGreen Micro&Nano Technologies Co., Ltd.
蘇州和林微納科技股份有限公司

(A joint stock company with limited liability incorporated in the People's Republic of China)

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UIGreen
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Suzhou UIGreen Micro&Nano Technologies Co., Ltd. 蘇州和林微納科技股份有限公司

(A joint stock company with limited liability incorporated in the People's Republic of China)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal Value : RMB1.00 per H Share

[REDACTED] : [REDACTED]

Joint Sponsors, [REDACTED]



國泰君安國際
GUOTAI JUNAN INTERNATIONAL



中信建投國際
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The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds for termination arise prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in “[REDACTED]” in this document.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Who We Are

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 seek to empower global customers with one-stop micro- and nanofabrication solutions and to be a world-class driver of innovation. Our history can be traced back to June 2012 when our Company was established. In 2025, we ranked second in the global MEMS acoustic module micro- and nanofabrication components market in terms of revenue in 2025 with a market share of 12.4%, according to Frost & Sullivan. In the global semiconductor final test (“FT”) probe market, we ranked first among PRC-based companies and fourth among all providers worldwide with a market share of 6.6%. As of the Latest Practicable Date, we were one of only a few PRC-based companies exporting semiconductor FT probes to overseas markets. We were also the first PRC-based company to achieve large-scale production of coaxial probes.

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.

With a customer-led development culture, we integrate product design with end-use scenarios through co-development with customers, which has enabled us to enter the core supply chains of leading consumer electronics and semiconductor companies and to extend into downstream applications in AI, high-performance computing, robotics, and 5G. We serve international brands in consumer electronics, semiconductors and medical devices. Our engagement model is based on joint development, with dedicated cross-functional teams aligned to each key account’s technology roadmap from early design through qualification and ramp-up. This approach increases customer stickiness, embeds our know-how in customer solutions, and raises entry barriers.

Our Performance

During the Track Record Period, we experienced robust growth. Our revenue increased from RMB285.5 million in 2023 to RMB567.9 million in 2024, and further to RMB864.2 million in 2025.

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Below are our achievements over the years:

Leading Market Position	Extensive Market Reach	Robust Financial Performance
 World's No. 2 in the MEMS acoustic module micro- and nanofabrication components market in terms of revenue in 2025	 Market Penetration supplied to seven of the top 10 global smartphone brands in terms of shipment volume in 2025 as of the Latest Practicable Date	 RMB864.2 million revenue in 2025
 World's No. 4, China's No. 1 in the global semiconductor FT probe market in terms of revenue in 2025	 One of Only a Few PRC-based company to export semiconductor FT probes to overseas markets as of the Latest Practicable Date	 CAGR 74.0% of revenue from 2023 to 2025
 First PRC-based company to achieve large-scale production of coaxial probes	 International reach sold to 22 countries and regions overseas as of the Latest Practicable Date	 Over 50 % year-on-year growth rate of export volume in 2025 compared to 2024

Our Offerings

We offer three principal product categories: (i) MEMS micro- and nanofabrication components; (ii) semiconductor test probes; and (iii) miniature transmission systems. The diagram below illustrates our diversified product portfolio across three categories as of the Latest Practicable Date.

MEMS micro- and nanofabrication components	   
  	Semiconductor test probes
Miniature transmission systems	

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- In MEMS micro- and nanofabrication components, we are an approved supplier to leading international brands and deeply participate in their global supply chains. Our MEMS micro- and nanofabrication components are customized to customer specifications. Our portfolio includes (i) electromagnetic interference (“EMI”) shielding covers that protect against magnetic interference and heat while safeguarding chips and other devices in smartphone camera modules, acoustic components and optical lenses; (ii) precision structural parts that protect internal components, provide thermal management and fastening, and integrate functional modules within constrained envelopes; and (iii) micro connectors and related parts that provide electrical and acoustic connectivity and enable signal and data transmission.

Our MEMS micro- and nanofabrication components are widely adopted in mainstream consumer electronics. As of the Latest Practicable Date, our products had been designed into smartphones sold by seven of the world’s top 10 smartphone brands by shipment volume in 2025, according to Frost & Sullivan. We also serve downstream sectors, including medical devices, which generally offer higher margins and attractive growth prospects.

- In semiconductor testing, we supply (i) FT probes and sockets for back-end testing after packaging; (ii) chip probing (“CP”) probes and probe cards for wafer sort before dicing; and (iii) substrate-level test pins for high-density interconnect (“HDI”) and integrated circuit (“IC”) substrates. We are extending our line-up with MEMS-process CP probes and substrate-level fine-pitch solutions to address advanced technology nodes and higher test densities. We design and develop customer-specific products to meet wafer- and chip-level test requirements. Certain subunits, such as probes, clamp lids and thermal management structures, are standardized as modules that can be configured and integrated in different combinations to deliver the final product in accordance with customer specifications.

We have qualified with top international semiconductor designers and manufacturers serving the AI, automotive and consumer electronics end-markets, demonstrating our capability to deliver high-reliability products at scale with competitive yields.

- In miniature transmission systems, we develop high-strength plastic gears, gear trains, and related assemblies for robotics and smart devices. Our miniature transmission systems are customized to customer specifications. We initially targeted cleaning robots and have expanded to additional applications such as drones and other consumer robotics platforms. For cleaning robots, we are developing precision gearbox assemblies that we anticipate will become a significant contributor to revenue over time. In collaboration with a global leading drone manufacturer, we are developing lightweight miniaturized transmission systems for use in gimbal and flight-control assemblies. As of the Latest Practicable Date, we had completed engineering and design validation builds and commenced pilot production runs for customer qualification.

Market Opportunities

We operate in fast-growing markets with significant potential. We believe our end markets are supported by several structural growth drivers, including:

- *MEMS micro- and nanofabrication components.* MEMS sensors continue to penetrate consumer, automotive, industrial, medical and communications markets. The convergence of AI and the Internet of Things (“IoT”) is raising requirements for sensor accuracy,

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intelligence and density. In AI applications, tighter specifications for data acquisition are making MEMS sensors a critical underpinning hardware layer. In IoT deployments, increasing system complexity and node counts drive higher sensor content per device. These trends are expected to support sustained growth in demand for MEMS precision components and related micro- and nanofabrication solutions.

- *Semiconductor test probes.* Rapid advances in AI computing are increasing both the volume and the complexity of semiconductor testing. Growing shipments of AI processors are expected to drive higher demand for semiconductor test probes across front-end CP and back-end FT. At the same time, process node transitions and more complex device architectures are raising test intensity and technical requirements — finer pitch, tighter planarity, and more stringent thermal control — which, in turn, increase value per pin.

Advanced packaging, particularly chiplet architectures, is scaling quickly. Disaggregating large system on chip (“SoC”) into multiple chiplets requires full die-level screening at the chiplet stage to protect yield, materially increasing consumption of probes, probe cards, and related test equipment. As chiplet solutions move from 2D to 2.5D and 3D integration, test density and complexity continue to rise, expanding the addressable market for fine-pitch, high-reliability probes and supporting the volume ramp of our semiconductor test probe products.

- *Miniature transmission systems.* Emerging applications in robotics and intelligent devices are creating new demand for miniature transmission systems. The growth of robotic vacuum cleaners, together with the expected expansion of use cases for next-generation humanoid and autonomous platforms, is increasing the requirements for high-strength micro gears, gear trains, and compact gearboxes.

Global Strategy and Outlook

We are executing a global strategy to access top engineering talents, stay close to key customers and enhance supply chain resilience. During the Track Record Period, we primarily relied on resources in the Chinese Mainland, notably our research and development and manufacturing capabilities, to support overseas operations, while capitalizing on the distinct locational advantages of our subsidiaries in different markets. As part of our global strategy, we have established specialized subsidiaries in key markets with R&D and commercial functions. We have subsidiaries in Japan, Switzerland, the U.S. and Singapore, forming a network that spans R&D, production and sales. Our Japan subsidiary focuses on probe card design and validation, and our Switzerland subsidiary develops ultra-precision automation equipment. Our U.S. subsidiary serves customers across North America, while our Singapore subsidiary functions as our marketing hub for Southeast Asia. Through this global footprint, we aim to shorten lead times, strengthen field support, and accelerate customer qualifications, while deepening relationships with existing blue-chip customers and increasing our share within those accounts. See “Business — Overview” for more details.

OUR BUSINESS MODEL

We provide end-to-end micro- and nanofabrication solutions tailored to customer requirements. We design and manufacture to customer specifications, combining design enablement, prototyping, pilot runs, volume manufacturing, packaging and test under one roof, allowing customers to move from concept to qualified production with a single partner.

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Our products are highly customized, with design, structure, dimensions and performance parameters tailored to the requirements of individual customers and end-brand original equipment manufacturers (“OEMs”). Therefore, we primarily collaborate with component and end-product manufacturers to jointly design and develop products. In most cases, we deploy engineers to participate in front-end design with module manufacturers or end customers, jointly defining technical specifications and the manufacturing plan; following internal and customer review, we proceed to tooling and pilot production and commence volume supply upon customer acceptance of pilot lots. In other cases, customers provide drawings or design requirements. We evaluate the initial design, discuss proposed modifications with the customer, and agree on the final design and manufacturing plan, after which we design tooling and conduct pilot runs. Upon customer approval of the pilot, we move to mass production.

By engaging at the earliest stages of product design, we gain a comprehensive understanding of our customers’ strategic objectives and the blueprint of their end-product development. Leveraging these insights, we utilize our industry-leading micro-nano fabrication capabilities to deliver products that align seamlessly with our customers’ requirements.

OUR PRODUCTS

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 products can be used across semiconductor manufacturing and electronics production, automotive electronics, security and surveillance, consumer electronics and smart devices, industrial and IoT, and healthcare devices. EMI shielding covers are used with MEMS sensors in consumer and security applications. Precision structural components are used in smartphone and automotive camera modules. Precision connectors are used to transmit power, signal and data in smartphones, tablets and wearables such as TWS earbuds and smartwatches. Plastic sockets are used for production testing and burn-in of mobile and consumer SoCs, power management ICs, memory, and automotive microcontrollers and sensors. MEMS probe cards are used for wafer-level testing of inertial sensors, magnetometers, barometric and pressure sensors and flow sensors. Gearbox assemblies are used in intelligent cleaning robots and other smart home devices.

SUMMARY

The table below sets forth the sales volume, average selling price, and the price range of major product lines during the Track Record Period.

	Year ended December 31,								
	2023			2024			2025		
	Sales Volume	Average selling price ⁽¹⁾	Price Range	Sales Volume	Average selling price ⁽¹⁾	Price Range	Sales Volume	Average selling price ⁽¹⁾	Price Range
	(Thousand units)	(RMB)	(RMB)	(Thousand units)	(RMB)	(RMB)	(Thousand units)	(RMB)	(RMB)
MEMS micro-and nanofabrication components									
— EMI shielding covers . . .	1,323,609	0.1	0.02–3,710.92	1,602,622	0.1	0.02–270.00	1,606,221	0.1	0.0001–1,490.00
— Precision structural components	98,845	1.0	0.07–51,327.43	116,888	0.8	0.07–38,495.6	199,302	0.9	0.04–80,000.00
— Precision connectors . . .	18,151	0.5	0.07–1,635.39	67,642	0.2	0.03–10,800.00	25,880	0.4	0.07–9,060.00
<i>Subtotal</i>	<i>1,440,605</i>	<i>0.1</i>		<i>1,787,153</i>	<i>0.1</i>		<i>1,831,403</i>	<i>0.2</i>	
Semiconductor test probes									
— Pin	7,899	6.2	0.43–585.08	11,167	4.8	0.35–468.57	12,785	6.3	0.57–239.13
— Plastic sockets	2	3,239.1	66.00–85,000.00	6	7,618.9	4.50–124,044.48	7	21,589.2	144.18–152,217.70
— Other semiconductor test probes	284	5.3	3.54–5,000.00	332	53.5	1.22–38,259.87	851	28.2	1.12–68,141.59
<i>Subtotal</i>	<i>8,185</i>	<i>7.1</i>		<i>11,167</i>	<i>4.8</i>		<i>13,626</i>	<i>19.0</i>	
Miniature transmission systems.	2,158	1.9	0.18–653.31	21,642	7.1	0.18–161.05	10,656	17.4	0.19–2,477.88
Total.	1,450,948			1,820,300			1,855,685		

Note:

(1) Average selling price is calculated by dividing revenue by the corresponding sales volume during the same year.

See “Business — Our Products” for more details.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths can empower us to achieve sustainable growth: (i) market-leading position underpinned by advanced micro- and nanofabrication capabilities; (ii) embedded in blue-chip customer workflows with rapid response, achieving high customer retention; (iii) integrated R&D-to-manufacturing, enabling efficient commercialization and scalable output; (iv) robust quality control delivering consistency at scale; and (v) experienced leadership team and disciplined execution supporting long-term growth. See “Business — Our Competitive Strengths” for more details.

OUR STRATEGIES

We intend to leverage our existing strengths and carry out the following strategies to capture growing market opportunities, further solidify our market position and achieve our mission: (i) accelerating technology innovation and R&D to maintain technology leadership; (ii) pursuing joint

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development with leading customers to strengthen customer engagement; and (iii) expanding our overseas footprint to increase international reach and market share. See “Business — Our Strategies” for more details.

MANUFACTURING

Production Facilities

Our manufacturing facility is located in Suzhou, China, with an aggregate GFA of approximately 34,564.9 sq.m. The following table sets forth the production capacity, production volume and production utilization rate by production line of our manufacturing facility for the year indicated.

	For the year ended December 31,		
	2023	2024	2025
	<i>(Million units, except for percentage)</i>		
Production capacity⁽¹⁾			
— MEMS micro- and nanofabrication components	2,585.1	2,678.3	2,726.1
— Semiconductor test probes	27.5	36.6	48.2
— Miniature transmission systems	2.8	14.1	16.8
Production volume			
— MEMS micro- and nanofabrication components	1,442.5	1,803.1	1,834.9
— Semiconductor test probes	8.5	15.7	27.2
— Miniature transmission systems	0.2	5.7	7.2
Production utilization rate⁽²⁾			
— MEMS micro- and nanofabrication components	55.8%	67.3%	67.3%
— Semiconductor test probes	30.9%	42.8%	56.5%
— Miniature transmission systems	8.6%	40.4%	42.6%

Notes:

- (1) In peak seasons, our production facilities can run for more days to meet delivery schedules of purchase orders, in which case the actual output may exceed such designed production capacity. Our production capacity is calculated based on the following assumptions: (i) the production line is functioning at its full capacity; (ii) the production line operates 24 hours per day; (iii) the production line operates 26 days per month; and (iv) the production line operates for a full year.
- (2) Calculated by dividing the production volume for a year by the production capacity of the same year.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

During the Track Record Period, our customers primarily included (i) MEMS sensor manufacturers, (ii) major chipmakers and (iii) independent semiconductor testing service providers. In 2023, 2024 and 2025, we generated approximately 76.2%, 75.8% and 70.6% of our total revenue from China (including Hong Kong and Taiwan), respectively; while generated approximately 23.8%, 24.2% and 29.4% of our total revenue from overseas jurisdictions (including North America, Europe, and other countries and regions in Asia) in the same years, respectively. In each of 2023, 2024 and 2025, our five largest customers together contributed RMB133.9 million, RMB310.1 million and RMB456.0 million of

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revenue, respectively, accounting for approximately 46.9%, 54.6% and 52.8% of our total revenue, respectively. In addition, revenue generated from our largest customer accounted for approximately 13.2%, 25.4%, and 18.0% of our total revenue in each of 2023, 2024 and 2025, respectively. All of our five largest customers during each year of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during each year of the Track Record Period. See “Business — Our Customers” for more details.

Our Suppliers

Core raw materials for our products include stainless steel, nickel-iron alloy and plastic pellets. During the Track Record Period, our suppliers consisted primarily of raw-material vendors and providers of certain processing services. In each of 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB41.7 million, RMB102.4 million, and RMB103.9 million, respectively, representing approximately 26.1%, 27.8% and 20.2% of our total purchases, respectively. In addition, purchases from our largest supplier accounted for approximately 7.3%, 7.0%, and 5.8% of our total purchases in each of 2023, 2024 and 2025, respectively. All of our five largest suppliers during each year of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during each year of the Track Record Period. See “Business — Our Suppliers” for more details.

RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to [REDACTED] in our [REDACTED]. Some of the major risks that we face include: (i) the micro- and nanofabrication industry is highly competitive and rapidly evolving. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected; (ii) our future success depends on the timely development, introduction, marketing and selling of new products, which we might not be able to achieve. The development of new and more complex products and technologies can also increase our cost of sales and adversely affect our gross profit margin; (iii) 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; (iv) a substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations; and (v) our historical financial performance may not be indicative of the future. We incurred operating loss and net loss during the Track Record Period and we may not be able to maintain revenue growth and become profitable going forward. See “Risk Factors” for more details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Luo and Suzhou Heyang, which is controlled by Mr. Luo in the capacity of general partner, collectively controlled the exercise of the voting rights attaching to an aggregate of approximately 38.04% of our total issued share capital, comprising (i) approximately 33.33% voting rights directly held by Mr. Luo, and (ii) approximately 4.71% voting rights directly held

SUMMARY

by Suzhou Heyang. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Luo and Suzhou Heyang will collectively control the exercise of the voting rights attaching to an aggregate of approximately [REDACTED]% of our enlarged total issued share capital. Therefore, Mr. Luo and Suzhou Heyang will be considered as a group of our Controlling Shareholders for the purpose of the Listing Rules after the [REDACTED]. See “Relationship with Our Controlling Shareholders” for more details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth selected items from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I to this document. You should read this summary in conjunction with our consolidated financial information included in the Accountants’ Report in Appendix I, including the accompanying notes, and the information set forth in “Financial Information.”

Selected Items from Consolidated Statements of Profit or Loss

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	285,514	567,900	864,186
Cost of sales	(225,807)	(478,126)	(706,403)
Gross profit	59,707	89,774	157,783
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

SUMMARY

Revenue

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 materials 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.

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

	Year ended December 31,					
	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	285,514	100.0	567,900	100.0	864,186	100.0

SUMMARY

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

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.

	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
Subtotal	49,127	24.6	40,205	15.7	24,824	7.1
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
Subtotal	12,051	20.8	36,474	30.9	112,356	43.5
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

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 “Financial Information — Year-to-Year Comparison of Results of Operations.”

SUMMARY

Selected Items from Consolidated Statements of Financial Position

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

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	374,120	429,176	496,846
Total current assets	1,004,259	978,892	979,047
Total assets	1,378,379	1,408,068	1,475,893
Total non-current liabilities	16,902	14,504	13,513
Total current liabilities	136,887	184,780	234,494
Total liabilities	153,789	199,284	248,007
Net assets	1,224,590	1,208,784	1,227,886
Net current assets	867,372	794,112	744,553
Equity attributable to owners of the parent . .	1,224,559	1,208,679	1,227,785
Non-controlling interests	31	105	101
Total equity	1,224,590	1,208,784	1,227,886

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.

Our net assets decreased from RMB1,224.6 million as of December 31, 2023 to RMB1,208.8 million as of December 31, 2024, primarily driven by (i) the recognition of a loss for the year of RMB8.6 million, and (ii) dividends declared and paid of RMB7.2 million.

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 assets increased from RMB1,208.8 million as of December 31, 2024 to RMB1,227.9 million as of December 31, 2025, primarily driven by the recognition of a profit for the year of RMB29.8 million, partially offset by dividends declared and paid of RMB9.3 million.

See “Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position” for more details.

SUMMARY

Selected Items from Consolidated Statements of Cash Flows

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

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/from operating activities . .	(11,056)	14,049	75,314
Net cash from/(used in) investing activities . .	543,145	(599,304)	459,927
Net cash 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 the beginning of the year	158,831	706,998	90,808
Exchange differences on translating cash flows of foreign operations	1,745	(547)	1,339
Cash and cash equivalents at the end of the year	706,998	90,808	614,970

We generally recorded net cash inflow from our operating activities throughout the Track Record Period, except for 2023, where we recorded net cash outflow from operating activities. 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.

See “Risk Factors — Risks Relating to Our Financial Performance — We have recorded net operating cash outflow in the past, and our liquidity, financial condition and prospects may be adversely affected if we continue to record net operation cash outflow in the future” and “Financial Information — Liquidity and Capital Resources — Cash Flows” for more details.

SUMMARY

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 (%)	20.9	15.8	18.3
Net profit margin (%)	(7.3)	(1.5)	3.4
Current ratio (times)	7.3	5.3	4.2
Quick ratio (times)	6.8	4.8	3.7
Gearing ratio (%)	2.9	1.5	2.7

See “Financial Information — Key Financial Ratios” for descriptions of the calculation and analysis of the above ratios.

COMPETITION

The micro- and nanofabrication industry is highly competitive and fast-moving. We compete globally with MEMS component manufacturers and semiconductor test probe manufacturers, as well as other precision micro- and nanofabrication players, including specialty foundries, wafer-level packaging providers, and vertically integrated OEMs with in-house production. Competition turns on process breadth and maturity, yield and reliability, cycle time and on-time delivery, cost structure, engineering support and co-development, quality certifications and protection of intellectual property and know-how. Despite high entry barriers, new capacity and entrants continue to emerge, and some customers pursue insourcing or dual-sourcing. See “Industry Overview.”

LEGAL PROCEEDINGS AND COMPLIANCE

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material or systematic non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. For more information, please refer to “Risk Factors — Risks Relating to Our Operations — We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.” As of the Latest Practicable Date, there had been no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations. See “Business — Legal Proceedings and Compliance” for more details.

SUMMARY

LISTING ON THE STAR MARKET

Our A Shares have been listed on the STAR Market (stock code: 688661.SH) since March 2021. See “History, Development and Corporate Structure — Major Corporate Development of Our Company — Listing on the STAR Market” for more details.

[REDACTED]

[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

SUMMARY

[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].

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 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.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised, and an [REDACTED] of HK\$[REDACTED] per H Share, being the maximum [REDACTED] stated in this document.

In line with our strategies, we currently intend to apply these [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

Percentage of [REDACTED]	Approximately HK\$ [REDACTED]	Future Plans
[REDACTED]%	[REDACTED]	To fund the R&D of next-generation products
[REDACTED]%	[REDACTED]	To hire additional expertise and expand our talent pool
[REDACTED]%	[REDACTED]	For selective acquisitions of companies in our sector and downstream along our value chain.

SUMMARY

Percentage of [REDACTED]	Approximately HK\$ [REDACTED]	Future Plans
[REDACTED]%	[REDACTED]	To upgrade and expand our domestic and overseas marketing and distribution networks to strengthen our global footprint and sales execution
[REDACTED]%	[REDACTED]	For working capital and general corporate purposes

See “Future Plans and [REDACTED]” for more details.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Development

Subsequent to December 31, 2025, and up to the Latest Practicable Date, our business continued to grow, driven by our continuous efforts to advance our technologies, expand our product offerings, and retain and grow our premium customer base. Notably, we secured a few new orders from a leading provider of assembly and test services for high-performance computing and advanced communications subsequent to December 31, 2025, with strengthened collaboration and increased order share with several leading overseas and domestic outsourced semiconductor assembly and test providers.

In 2026, we achieved product development milestones across multiple lines. Our elastomer socket products for large-form-factor GPU and CPU packaging chip testing successfully completed R&D and entered pilot production, with key performance specifications meeting international advanced standards. Our coaxial spring probe sockets for PAM4 224Gbps chip testing entered small-scale production, while we are developing next-generation high-speed coaxial socket products for CPO and high-computing power chip applications. Additionally, our testing sockets for DRAM and Flash memory chips received customer certification and entered mass production, with all design and manufacturing processes completed in-house.

These advancements have strengthened our competitive position in the industry and have laid a solid foundation for sustained business growth. As of the Latest Practicable Date, we had a contract backlog of approximately RMB160.9 million, representing purchase orders received from customers for future product shipments.

No Material Adverse Change

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 date of the latest audited consolidated financial position of our Group as set out in the Accountants’ Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in “Glossary of Technical Terms.”

“2022 Restricted Share Incentive Plan”	the restricted share incentive plan approved and adopted by the A Shareholders on December 12, 2022, which had expired and was no longer in effect as of March 30, 2026
“A Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the STAR Market
“A Shareholder(s)”	holder(s) of the A Share(s)
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, the context of which is set out in Appendix I to this document
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association”	the articles of association of our Company conditionally adopted by our Shareholders on September 17, 2025 with effect from the [REDACTED], as amended from time to time, a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	our board of Directors
“business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday, or public holiday in Hong Kong
“CAGR”	compound annual growth rate

[REDACTED]

“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to “China” and the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding up and Miscellaneous Provisions) Ordinance”	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, the “Company”	Suzhou UIGreen Micro&Nano Technologies Co., Ltd. (蘇州和林微納科技股份有限公司), with its predecessor known as Suzhou UIGreen Science and Technology Co., Ltd. (蘇州和林微納科技有限公司), a limited liability company established in the PRC on June 18, 2012, and converted into a joint stock company with limited liability on December 23, 2019, the A Shares of which are listed on the STAR Market (stock code: 688661.SH)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Luo and Suzhou Heyang
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of our Company
“EIT”	enterprise income tax
“ESG”	environmental, social, and corporate governance

[REDACTED]

DEFINITIONS

“Extreme Conditions” extreme conditions caused by a super typhoon or other natural disaster of a substantial scale seriously affect the working public’s ability to resume work or brings safety concern for a prolonged period as announced by the government of Hong Kong

[REDACTED]

“founder(s)” founders of our Company, namely Mr. Luo, Mr. Ma Hongwei (馬洪偉), Mr. Qian Xiaochen (錢曉晨), Ms. Jiang Xiaoyan (江曉燕) and Mr. Cui Lianjun (崔連軍)

“Frost & Sullivan” Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company

“Frost & Sullivan Report” an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document

“Ganzhou Lanshi” Ganzhou Lanshi Venture Capital Partnership (Limited Partnership) (贛州市蘭石創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 17, 2019 and a former Shareholder of our Company

[REDACTED]

“Group”, “our Group”, “our”, “we” or “us” our Company and our subsidiaries at the relevant time

“Guide for New Listing Applicants” the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024, as amended or supplemented or otherwise modified from time to time

“H Share(s)” ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [REDACTED] and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Stock Exchange

[REDACTED]

“H Shareholder(s)” holder(s) of the H Share(s)

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

“IFRS Accounting Standards”	a set of standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and Interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	any person(s) or entity(ies) who, to the best of our Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not a connected person of our Company within the meaning of the Listing Rules

[REDACTED]

“International Sanction Counsel”	Commerce & Finance Law Offices LLP, our legal advisors as to the International Sanction Law
“International Sanction Law”	all applicable laws and regulations, as amended and supplemented from time to time, related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U.S. Government, the European Union and its member states, the United Nations or the government of the United Kingdom

[REDACTED]

DEFINITIONS

[REDACTED]

“Joint Sponsors”	the joint sponsors as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document
“Latest Practicable Date”	March 23, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Luo”	Mr. Luo Xingshun (駱興順), the chairman of the Board, an executive Director, the general manager of our Company and one of the Controlling Shareholders
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board

[REDACTED]

DEFINITIONS

[REDACTED]

“Overseas Listing Trial Measures”	Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on February 17, 2023 and effective on March 31, 2023, as amended, supplemented or otherwise modified from time to time
“PBOC”	People’s Bank of China (中國人民銀行)
“People’s Congress”	the legislative apparatus of the PRC, including the National People’s Congress and all the local people’s congresses (including provincial, municipal, and other regional or local people’s congresses) as the context may require, or any of them
“PRC Company Law”	Company Law of the PRC (中華人民共和國公司法) as amended, supplemented or otherwise modified from time to time
“PRC Data Compliance Legal Advisors”	Beijing Jingtian & Gongcheng Law Firm, our legal advisors as to PRC data compliance laws
“PRC EIT Law”	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	Accounting Standards and Accounting Regulations for Business Enterprise of the PRC (中國企業會計準則), as amended, supplemented or otherwise modified from time to time
“PRC Legal Advisors”	C&T Partners, our legal advisors as to PRC laws

DEFINITIONS

“PRC Securities Law”	Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
[REDACTED]	
“Regulation S”	Regulation S under the U.S. Securities Act, as amended from time to time
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Restricted Share(s)”	the restricted A Share(s) granted under the 2022 Restricted Share Incentive Plan
“RMB” or “Renminbi”	the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shanghai, including Southbound Trading and Northbound Trading
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
“Shareholder(s)”	holder(s) of our Shares
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program to be developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDCC for the establishment of mutual market access between Hong Kong and Shenzhen

DEFINITIONS

“SIP UIGreen”	Suzhou Industrial Park UIGreen Micro&Nano Technologies Co., Ltd. (蘇州工業園區和林微納科技有限公司), a limited liability company established in the PRC on September 27, 2021 and a wholly-owned subsidiary of our Company
“Southbound Trading Link”	the entrustment of China securities houses by China investors to trade shares listed on the Stock Exchange within a stipulated range via filing by the securities trading service companies established by the Shanghai Stock Exchange and Shenzhen Stock Exchange with the Stock Exchange
[REDACTED]	
“STAR Market”	the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板)
“State Council”	State Council of the PRC (中華人民共和國中央人民政府)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy and ESG Committee”	the strategy and ESG committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Suzhou Heyang”	Suzhou Heyang Management Consulting Partnership (Limited Partnership) (蘇州和陽管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on November 7, 2019, the employee stock ownership platform of our Company and one of the Controlling Shareholders
“Suzhou UIGreen”	Suzhou UIGreen Technology Trading Co., Ltd. (蘇州和林微納科技貿易有限公司), a limited liability company established in the PRC on October 22, 2021 and a wholly-owned subsidiary of our Company
“Suzhou Yoke”	Yoke Microtronics (Suzhou) Co., Ltd. (蘇州永科電子設備有限公司), a limited liability company established in the PRC on May 6, 2016 and a wholly-owned subsidiary of our Company
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the financial years ended December 31, 2023, 2024 and 2025

DEFINITIONS

“UIG America”	UIGreen America, Inc., a company incorporated in the United States with limited liability on April 24, 2023 and a non-wholly-owned subsidiary of the Company
“UIG HK”	UIGREEN HONG KONG LIMITED, a limited company incorporated in Hong Kong on July 8, 2025 and a wholly-owned subsidiary of the Company
“UIG Japan”	UIGREEN Co., Ltd., a joint stock corporation incorporated in Japan on December 28, 2021 and a wholly-owned subsidiary of the Company
“UIG Singapore”	UIGREEN SINGAPORE PTE. LTD., a private company limited by shares incorporated in Singapore on May 27, 2025 and a wholly-owned subsidiary of the Company
“UIG Switzerland”	UIGreen Switzerland AG, a stock company incorporated in Switzerland on January 17, 2024 and a wholly-owned subsidiary of the Company

[REDACTED]

“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the US Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“VAT”	value-added tax

[REDACTED]

“%”	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this document as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“2D integration”	the integration method of mounting all chips and passive components horizontally on the surface of the substrate
“2.5D integration”	a semiconductor packaging technology that serves as an intermediary between traditional 2D integration and more advanced 3D integration
“3D integration”	a three-dimensional IC built by vertically stacking different chips or wafers together into a single package
“4A per contact”	a single contact point that can stably transmit a maximum current of 4 amperes under normal operating conditions
“5G”	5th generation mobile communication technology, characterized by high data rate, low latency, and massive connectivity
“AI”	artificial intelligence
“complementary metal-oxide semiconductor image sensor”	a type of semiconductor device that converts optical signals into electronic signals, enabling the capture of digital images or video
“coaxial probe”	a probe designed for high-frequency signal integrity, featuring a coaxial construction (a shielded center conductor) to provide controlled impedance. Its primary function is to enable precise, low-noise measurement of radio frequency or high-speed digital signals by preventing signal degradation and external interference
“coaxial socket”	a precision product specifically designed for high-speed transmission and high-frequency testing, which can support both engineering testing and mass production
“contact force”	the force applied when a probe comes into contact with a chip pad or pin during semiconductor testing
“CP probe”	chip probing probe, a precision probe used in the chip probing process that achieves electrical connection by contacting the die on the wafer to perform functionality and performance testing
“dB”	decibel, a logarithmic unit of sound intensity

GLOSSARY OF TECHNICAL TERMS

“deep-draw stamping”	a precision metal forming process that stretches metal sheets into complex 3D structures with large depth using stamping equipment
“die”	a single chip unit obtained after dicing a wafer, which is the basic functional unit of a semiconductor device, containing a complete circuit structure
“EMI shielding cover”	electromagnetic interference shielding cover, metal shielding devices used to block electromagnetic interference that reduce electromagnetic interference between internal components of electronic equipment and improve signal transmission stability
“ERP software”	enterprise resource planning software, an information system that integrates internal resource management of an enterprise
“fine pitch”	a characteristic describing the small spacing between pins or pads of a semiconductor chip
“FT”	final test, a back-end testing process in semiconductor manufacturing that is conducted after chip packaging is completed, testing the final functionality and reliability of the chip to ensure the product meets delivery standards
“FT probe”	final test probe, a specialized electrical connector used during the final testing stage of semiconductor manufacturing, with its prime role being to create a temporary, reliable electrical connection between the leads or pads of the packaged device and the test equipment, which then verifies the device’s full functionality, performance, and electrical characteristics before it is shipped to customers
“gearbox”	a core component in mechanical transmission systems that realizes the conversion of speed and torque through gear set configuration
“gear train”	a transmission system composed of multiple meshing gears, which is used to transmit power, change the direction of motion, or adjust speed
“GFA”	gross floor area
“GHz”	gigahertz, 1,000,000,000 periods per second
“GPU”	graphics processing unit
“HDI”	high-density interconnect, a technology that realizes high-density wiring in integrated circuit substrates

GLOSSARY OF TECHNICAL TERMS

“IATF”	International Automotive Task Force, an organization composed of major automobile manufacturers and associations, responsible for formulating and maintaining the automotive industry quality management standard IATF 16949, which is based on ISO 9001 and adds specific requirements for the automotive industry
“IC”	integrated circuit, a compact semiconductor device that contains multiple interconnected electronic components, such as transistors, resistors, and capacitors, fabricated onto a single chip
“IC substrate”	integrated circuit substrate, a key component that carries chips and realizes electrical connection between chips and external circuits
“impedance”	the total opposition to alternating current in a circuit, determined by resistance, inductance, and capacitance, which is an important parameter for measuring the signal transmission characteristics of a circuit
“insertion loss”	the power attenuation of a signal when passing through a connector, cable, or other components, usually expressed in dB
“IoT”	internet of things
“IP67”	one of the Ingress Protection ratings, the first digit, “6,” means complete protection against dust and objects greater than 1mm; and the second digit, “7,” means protection against a short period of immersion of the device in water under up to 1m pressure
“ISO”	International Organization for Standardization, a series of international standards, including quality management and quality assurance standards published by the Universal Certification Services Co., Ltd., a non-government organization for assessing the quality system of business organizations
“MEMS”	micro-electro-mechanical system, a micro-system that integrates micro-mechanical structures, micro-sensors, micro-actuators, and signal processing circuits
“MEMS acoustic component”	a miniature electronic component built using semiconductor manufacturing techniques. The term “acoustic” refers to its function: converting mechanical sound or vibration waves into electrical signals or converting electrical signals back into sound or vibration

GLOSSARY OF TECHNICAL TERMS

“MEMS micro- and nanofabrication component”	supporting component for MEMS devices produced using micro- and nanofabrication technologies, including structural parts and connectors, used to support the functional realization of MEMS devices
“micro- and nanofabrication”	a general term for technologies used to manufacture microstructures and components with characteristic feature sizes of approximately 1 nanometer to 1,000 micrometers, covering various precision processing processes
“micro-injection molding”	a precision manufacturing process that injects materials into micro-molds to form small and complex 3D structures
“micro-precision stamping”	a high-precision metal forming process that processes metal sheets into small and complex structural parts using precision molds and equipment, ensuring high dimensional accuracy and consistency
“miniature transmission system”	a power transmission and motion control system used in small equipment, which usually includes components such as gears and motors, and is characterized by small size and high precision
“OEM”	original equipment manufacturer, a manufacturer that provides customized product manufacturing services for brand owners, producing products in accordance with customer design requirements
“pad”	a metal area on the surface of a semiconductor chip used for electrical connection, which serves as an interface for signal transmission between the chip and external circuits
“PCB”	printed circuit board, a structure for assembling electronic components and their connections into a unified circuit that allows electrical current to pass between components
“pin”	a small, slender component, usually cylindrical or rod-shaped, made of materials like metal or ceramic, mainly serving for electrical connection, mechanical positioning or fastening, or structural support of small mechanisms
“planarity”	the degree to which a surface or structure is flat and even, without significant warping, curvature, or irregularities
“precision metal forming”	a general term for technologies that process metal materials into high-precision and complex structural parts through processes such as stamping and stretching
“precision structural component”	a structural part with high-precision dimensions and complex geometric shapes

GLOSSARY OF TECHNICAL TERMS

“probe card”	an interface between an electronic test system and a semiconductor wafer that is typically mechanically docked to a prober and electrically connected to a tester
“QFN”	Quad Flat No-Lead, a semiconductor chip packaging form characterized by no external leads and small packaging size
“R&D”	research and development
“semiconductor test probe”	a precision probe used for semiconductor testing that realizes electrical connection during the chip testing process, transmits test signals, and ensures test accuracy
“SNR”	signal-to-noise ratio, the ratio of the intensity of a useful signal to the intensity of background noise
“SoC”	system on chip, a semiconductor device that integrates multiple functional modules, such as processors, memory, and interfaces, on a single chip to realize complete system functions
“socket”	a precision interface component designed to hold, position, and establish electrical contact with another part
“SOP”	standard operating procedure
“sq.m.”	square meters
“substrate”	the foundational materials upon which semiconductor devices, such as integrated circuits, are built that serve as the platform for the deposition and integration of various semiconductor materials and components that form the basis of electronic circuits
“tolerance”	the allowable range of variation for a product’s key dimensions, shape, or performance parameters in manufacturing
“wafer”	a thin slice of semiconductor substance, such as crystalline silicon, used in electronics for the making of integrated circuits
“VMI consignment”	vendor managed inventory consignment, a supply chain management strategy where a supplier manages the inventory at the customer’s location, yet the inventory is still owned and maintained by the supplier

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements and information relating to us and our subsidiaries that are based on the intentions, beliefs, expectations or predictions of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “could,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “project,” “seek,” “should,” “will,” “would,” “vision,” “aspire,” “target,” “schedules,” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationships with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market leading position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our product and geographic expansion plans;
- our ability to defend our intellectual property rights and protect confidentiality;
- the effectiveness of our quality control systems;

FORWARD-LOOKING STATEMENTS

- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends, including those pertaining to the PRC and the industry and markets in which we operate;
- capital market developments; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this document.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this document.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

An [REDACTED] in our H Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an [REDACTED] in our H Shares.

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, results of operations or prospects. If any of these events occur, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisers regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY IN WHICH WE OPERATE

The micro- and nanofabrication industry is highly competitive and rapidly evolving. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected.

We primarily operate in the highly competitive micro- and nanofabrication industry, currently with over 100 active participants, offering a comprehensive product portfolio primarily encompassing MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems. We compete with both domestic and international companies from many perspectives, including technology innovation, product pricing, product quality and safety, customer acquisition and retention, branding, and talent acquisition. Some of our competitors may have advantages in obtaining financial, technical, and operational resources, which enable them to invest greater resources in R&D, manufacturing, sales and marketing, and customer support for their products and services than we do. Furthermore, they may have a larger customer base and more established market relationships than ours, which enables them to adapt to customers’ demand more rapidly than we do.

The markets of MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems are also subject to constant changes, including technological evolution, launching new solutions and products, and continuous shifts in customer demands. In addition to the existing competitors, we may encounter challenges from new market entrants, including established micro- and nanofabrication solution providers and their subsidiaries, as well as other technology companies. These new competitors may enter the markets with aggressive pricing strategies and novel technologies that make their products achieve higher levels of customer or consumer acceptance than ours, which could significantly affect our market position and growth prospects.

Intense competition from both established players and new entrants can lead to significant pricing pressure, forcing us to lower our prices to remain competitive. This pricing pressure can compress our profit margins, impacting our overall profitability. Furthermore, competitors’ aggressive pricing strategies and continuous product innovations may challenge our ability to maintain or increase sales volumes. If we fail to compete successfully in the markets, our market share may decrease, and our business, results of operations financial condition, and prospects could be adversely affected.

RISK FACTORS

Our future success depends on the timely development, introduction, marketing and selling of new products, which we might not be able to achieve. The development of new and more complex products and technologies can also increase our cost of sales and adversely affect our gross profit margin.

Our competitiveness and future success depend on our ability to predict and adapt to the rapidly evolving market demand and to develop, introduce, market and sell novel MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems in a timely and cost-effective manner. Any failure to introduce these new products and technologies, to achieve design wins, or to otherwise achieve market acceptance in a timely manner and on commercially reasonable terms could harm our business, financial condition and results of operations.

The development of new products and technologies is highly complex, and we may experience unexpected challenges and delays in completing the development and introduction of them. Customers will continue to expect the sophistication of our products to increase, and the number of consumer and industrial products that use MEMS components and semiconductors has continued to grow. This propels us to continue to design and develop products with advanced technologies that can be utilized in a wide range of applications. As our MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems integrate new and more advanced technologies and functions, they become more complex and increasingly challenging to design, develop and produce. Successful product development and technological enhancements depend on a number of factors, including: (i) accurate prediction of market requirements and evolving technical standards; (ii) development of advanced technologies and capabilities; timely development completion and introduction of new products that satisfy our customers' and their end customers' requirements and specifications; (iii) development of products that maintain technological advantages over the products of our competitors; and (iv) market acceptance of our new products.

Accomplishing all of these factors is difficult, time-consuming, and expensive. We may be unable to develop new products or technological enhancements in time to capture market opportunities, satisfy the requirements and specifications of our customers and their respective customers, or achieve significant or sustainable acceptance in new and existing markets. If our competitors develop new products or technologies on a more expedited basis than us or are successful in developing products that are accepted more rapidly and broadly by the markets than our products, we could lose market share. Matching or surpassing technological advances that may be developed by our competitors could require an extended period of time. In addition, our products could become obsolete sooner than anticipated due to a rapid change in one or more of the technologies related to our products or the reduced life cycles of consumer and industrial products. Even if we are able to develop new products and achieve design wins, we may initially experience lower manufacturing yields from them than our other more established products, potentially affecting our gross profit margin at least in the short term. These new products and technologies also often have a higher cost structure than our existing products and technologies as we devote more time and effort to their development, and our suppliers and manufacturers may incur additional costs by acquiring new equipment or components in order to meet our design specifications and capacity requirements.

RISK FACTORS

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 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. New technologies may be introduced that make the current technologies on which our products are based less competitive or even obsolete or require us to make changes to our technology that could be expensive and time-consuming to implement. Due to the evolving nature of our markets, our future success depends on our ability to accurately anticipate and respond to changes in industry standards, technological requirements, customer and consumer preferences and other market conditions. In 2023, 2024 and 2025, we recorded research and development expenses of RMB72.2 million, RMB56.9 million and RMB63.4 million, respectively. Our technologies could also become obsolete sooner than we expect because of faster than anticipated, or unexpected, changes in one or more of the industry standards and technological requirements. In addition, we may be unable to develop or introduce new or enhanced technologies that satisfy customer requirements and achieve market acceptance in a timely manner or at all, succeed in commercializing the technologies on which we have focused our R&D expenditures to develop, or anticipate new industry standards and technological changes. If we fail to adapt successfully to technological changes or fail to obtain access to important new technologies, we may be unable to retain customers or attract new customers. Any decrease in demand for our products, due to the emergence of competing technologies, changes in customer preferences and requirements or otherwise, could adversely affect our business, results of operations and prospects.

We benefit from business collaboration with our business partners. These relationships may not contribute to significant revenue, and any adverse changes in these partnerships may harm our business, results of operations, and financial condition.

Building and sustaining key alliances is essential for the ongoing growth and prosperity of our business. In 2023, 2024 and 2025, we generated revenue from 239, 272, and 299 customers, respectively, across our three major business lines. If we cannot sustain our current partnerships or fail to establish new, crucial relationships on favorable terms, or at all, we might struggle to promptly secure alternative agreements on acceptable terms and we may face increased costs to develop and provide capabilities offered by our current partners independently, which could negatively impact our business, results of operations, financial condition and prospects.

The results of our collaboration with these third parties are uncertain, and we cannot assure you that these collaborations are going to generate significant revenue. We may face obstacles and delays in our business if our partners fail to meet agreed-upon timelines or encounter capacity limitations. In addition, disagreements over budget or funding for joint development projects could arise between us and our business partners. There is also the potential for future disputes with partners, particularly regarding intellectual property rights. Any of these issues could negatively impact our business, results of operations, and financial condition.

RISK FACTORS

A substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.

Historically, a relatively small number of customers accounted for a substantial portion of our revenue. In each of 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period together contributed RMB133.9 million, RMB310.1 million and RMB456.0 million of revenue, respectively, accounting for approximately 46.9%, 54.6% and 52.8% of our total revenue, respectively. Any material delay, alteration, cancellation or reduction of purchase orders from or change in the purchasing patterns of such customers, which may in turn be attributable to changes in their respective customers’ demand and purchasing patterns, could have a material and adverse impact on our business, financial condition and results of operations.

Our business, financial condition, results of operations and prospects will be affected by our ability to retain our existing customers and to attract new customers, as well as on the financial condition and success of our customers, including their ability to retain their respective customers and attract new customers.

We may be subject to significant pricing pressures from our customers, which could adversely affect our revenue, margins and overall profitability.

We operate in a competitive industry where pricing is a key factor in customer procurement decisions. Many of our current and target customers, particularly MEMS sensor manufacturers, major chipmakers and independent semiconductor testing service providers, have significant bargaining power due to their scale, centralized procurement structures, and stringent performance and pricing requirements. In some cases, customers may demand us to make pricing concessions over the course of a product’s lifecycle. These pressures may be further exacerbated by growing competition in the supply of MEMS micro- and nanofabrication components, semiconductor test probes and miniature transmission systems and the limited number of MEMS sensor manufacturers, chipmakers and independent semiconductor testing service providers in the market.

If we are unable to achieve sufficient cost savings or introduce new products with higher margins, our gross margin and overall profitability could be materially and adversely affected. Sustained pricing pressure may also limit our ability to invest in innovation, expand our operations, or improve long-term competitiveness.

Increases in the costs of materials and other components used in our products would adversely affect our business, results of operations, and financial condition.

Significant changes in the markets in which we purchase materials and supplies for the production of our products may adversely affect our profitability. Historically, we have faced rising prices for key raw materials like copper, and price volatility for others such as stainless steel, nickel, and iron ore. We are seeking to adjust the prices charged to our customers to offset these cost increases, but anticipate that, despite such price increases, our gross profit margin may decrease, at least in the short term, as a result of these cost increases. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers, and, even where we are able to achieve price increases that would offset such increased costs, in some cases there may be a delay before we are

RISK FACTORS

able to do so. The inability to pass on price increases to our customers when raw material or component prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations, and financial condition.

Any change, reduction or cancellation of orders from our customers could negatively impact our operating results.

Although we have long-term or minimum purchase commitments with certain of our customers, it is a customary business practice in the micro- and nanofabrication industry for suppliers like us to permit such cancellation or rescheduling in order to maintain good relationships with a customer or for other business reasons. As a result, we depend on our demand forecasts for various kinds of products to make manufacturing decisions and to manage our inventory. Demand for our products, however, can change significantly between the time inventory is ordered and the date by which we target to sell it. Demand may be affected by seasonality, new product launches, changes in product cycles and pricing, product defects, changes in customer purchasing patterns with respect to our products and other factors, and our customers may not order products in the quantities that we expect. In addition, when we begin selling a new product, it may be difficult to establish supplier relationships, determine appropriate product selection, and accurately forecast market demand. During the Track Record Period and up to the Latest Practicable Date, we have not received any requests from customers to cancel orders that are material to our business operations or financial conditions.

Cancellation of, reductions in, or rescheduling of customer orders could also result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses, as a substantial portion of our expenses are fixed at least in the short term. In addition, under the VMI consignment model, title to the products remains with us until the customer withdraws the products for use. Accordingly, we bear the inventory holding risk prior to consumption, including risks of obsolescence, damage or slow-moving inventory. As of December 31, 2023, 2024 and 2025, we had inventories of RMB70.2 million, RMB98.8 million and RMB103.6 million, respectively. As we plan to continue expanding our product offerings, we may increase our inventory level, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. To weather the impact of rising manufacturing costs and tightening supplies, we may strategically raise our inventory level from time to time, which can cause potential liquidity constraint to our operating cash flow and expose us to greater risk of negative price fluctuations. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross profit margin. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate the demand for our products, or if our suppliers fail to supply quality raw materials in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenue. Any of the above may materially and adversely affect our business, financial condition and results of operations.

We depend on the expanding adoption of our products across various emerging addressable markets to drive the growth of our business.

Our products are widely used in applications such as AI, robotics, 5G and consumer electronics. See “Business — Our Products.” During the Track Record Period, revenue generated from sales of MEMS micro- and nanofabrication components to downstream customers within the consumer

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electronics and smart devices industry amounted to RMB159.2 million, RMB214.4 million and RMB286.2 million in 2023, 2024 and 2025, accounting for 55.8%, 37.8% and 33.1% of our total revenue for the corresponding years, respectively. Accordingly, the demand for our products is closely tied to market growth and demand from these downstream industries. Any slowdown in the growth of these downstream industries could materially and adversely affect the adoption of our products.

The market growth and downstream demand for our customers’ products, which drive demand for our products, are subject to various factors beyond our control, including macroeconomic conditions, rapid technological developments, evolving industry standards, shifting consumer preferences, regulatory requirements, production cycles, and supply chain constraints. Any delay or slowdown in technological advancements, disruptions in supply chains or failure to comply with regulatory policies may hinder the growth of downstream industries. Any stagnation or contraction in these factors could impact the demand for our products. In addition, we cannot assure you that technological innovation will result in increased customer demand or broader adoption of our products. Any delay in technological advancements or failure of emerging technologies to drive expected downstream market growth could materially and adversely affect our business, financial condition and results of operations. Furthermore, we cannot guarantee that the market trends of downstream industries where our products are deployed will remain favorable in the future. There is also no assurance that the downstream demand for our products will remain at the levels experienced during the Track Record Period or continue to grow. Any decline in the downstream demand or stagnation in the growth of downstream industries could materially and adversely affect our business, financial condition and results of operations.

Our lengthy and complex product cycle, including designing and testing, in addition to our customers’ qualification and design cycle, may result in uncertainty and delays in revenue generation.

The production of our products requires a lengthy manufacturing and packaging process. Additional time may pass before a customer commences taking volume shipments of products that incorporate our products. Even when a manufacturer agrees to design our products into its products, it may not deliver final products incorporating our products. See “— Our customers and/or end customers may require our products to undergo a lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our products with a customer, our business, financial condition and results of operations could suffer.”

Given this lengthy cycle, we may experience a delay between the time we incur expenditures for R&D and sales and marketing efforts and the time we generate revenue, if any, from these expenditures. This delay makes it more difficult to forecast customer demand, which adds uncertainty to the manufacturing planning process and could adversely affect our business, financial condition and results of operations. In addition, the product life cycle for certain of our products designed for use in certain applications can be relatively short. In particular, our MEMS components and miniature transmission systems typically have a useful life of two to five years, depending on application environment and usage conditions, while our semiconductor testing probes and test sockets are measured by testing cycles rather than time duration, with typical useful life ranging from 600,000 to 1,000,000 test cycles before replacement is required. If we fail to appropriately manage the manufacturing and packaging process, our products may become obsolete before they can be incorporated into our customers’ products and we may never realize a return on investment for the expenditure we incur in designing, developing and producing these products.

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Our customers and/or end customers may require our products to undergo a lengthy and expensive qualification and verification process. If we are unsuccessful in or delayed in qualifying any of our products with a customer, our business, financial condition and results of operations could suffer.

Prior to purchasing our products, our customers and/or end customers require that our products undergo extensive qualification processes, which involve testing of our products in the customers’ systems, as well as testing for reliability. This qualification process may continue for several months. For instance, our project initiation stage typically takes one to two months, our design stage may span three to six months, and the final pilot to mass production transition stage might require 12 to 18 months to establish manufacturing processes, scale up production, and achieve stable mass production output. See “Business — Research and Development — Overview — R&D Processes” for details. After our products are qualified, it can take several months or more before the customer commences volume production of components or systems that incorporate our products.

Moreover, qualification of a product by a customer does not ensure final sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision in our manufacturing process or our selection of a new supplier may require a new qualification process with our customers, which may result in delays and our holding excess or obsolete inventory. Despite these uncertainties, we devote substantial resources, including R&D, sales, marketing and management efforts, to qualifying our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, sales of those products to the customer may be precluded or delayed, which may harm our business, financial condition and results of operations.

Our success depends on our ability to achieve design wins and to convince our current and prospective customers to design our products into their product offerings.

Our success has been, and will continue to be, dependent upon manufacturers and their customers designing our products into their own products. To achieve design wins, which are decisions by manufacturers and their customers to design our products into their systems, we must define and deliver cost effective and innovative products on a timely basis that satisfy the manufacturers’ and their customers’ requirements and specifications. Our ability to achieve design wins is subject to numerous risks including competition from other products, the compatibility of our products with newly developed technologies or designs used in the end products, as well as delays in our product development cycle. Even if our products meet our customers’ requirements and specifications, we may not eventually succeed in achieving a particular design win due to factors out of our control, such as the customers’ pre-existing relationship with a particular supplier or other business considerations. If we do not achieve a design win with a prospective customer, it may be difficult to sell our products to such prospective customer in the future because once a manufacturer has designed a supplier’s solutions into its systems, it may be reluctant to change its source of components due to the significant costs, time, efforts and risks associated with qualifying a new supplier and, in many cases, modifying its design platforms. In addition, there is no guarantee that we will be able to continue to achieve design wins with customers with whom we have achieved design wins in the past. As manufacturers take on new projects, there is no obligation on their part to continue to design our products into their product offerings. Accordingly, if we fail to achieve design wins with key customers, our market share or revenue could be adversely affected. Furthermore, to the extent that our competitors secure design wins, our ability to grow our business in the future will be impaired.

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In addition, the selection process for micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems to be included in our customers’ product offerings is typically lengthy and may require us to incur significant design and R&D expenditures and dedicate scarce engineering resources in pursuit of a single design win with no assurance that our products will be selected. Because of our extended product life cycle, our revenue in future years is highly dependent on design wins we are awarded in prior years. It is possible that a design win will not result in meaningful revenue until one year or more or later, or at all. If we do not continue to achieve design wins, our revenue in the following years may deteriorate. Further, a significant portion of our revenue in a given period may depend on a single product design win with a large customer. As a result, the loss of any key design win or any significant delay in the production of the customer’s products into which our products are designed could adversely affect our business, financial condition and results of operations.

Price pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin.

We have experienced, and expect to continue facing, downward pressure on the prices of our products due to increasingly competitive conditions in the verticals we serve. Unless we can increase unit sales volume or successfully introduce higher-value offerings, our revenue derived from existing products may decline. We expect to continue increasing, our research, development and related expenses in the long-term to develop new products with more advanced features that can be sold at higher selling prices and/or manufactured at lower cost. However, if we are unable to do so in a timely manner, or if we are unable to successfully develop more cost-effective technologies, our financial results could be adversely affected. Sustained pricing pressure could adversely affect our gross profit margin. If we are unable to offset declining prices through cost reductions or product improvements, our profitability will be negatively impacted, which could materially affect our business, financial condition and results of operations.

If we are unable to recruit, train and retain qualified personnel or sufficient workforce while controlling our labor costs, our business may be materially and adversely affected.

Our future success depends, to a significant extent, on our ability to recruit, train and retain qualified personnel, particularly scientists, engineers, technicians and sales and marketing personnel with substantial experience in the micro- and nanofabrication industry. Our experienced mid-level managers are instrumental in implementing our business strategies, executing our business plans and supporting our business operations and growth. The effective operation of our R&D departments, managerial and operating systems, sales and marketing teams and other functionalities also depends on the hard work and quality performance of our management and employees. Since our industry is characterized by high demand and intense competition for talent and labor, we can provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives.

As of December 31, 2025, we had 896 full-time employees, a majority of whom worked in our R&D, manufacturing, quality control, and sales and marketing divisions. Competition for these personnel with the appropriate qualifications in the micro- and nanofabrication industry can be intense, and we may experience difficulty in hiring and retaining such candidates. Failure to obtain stable and skilled personnel and other labor support may lead to underperformance of these functions and cause disruption to our business. Furthermore, our cost structure is vulnerable to increase in labor costs. In 2023, 2024 and 2025, we incurred labor costs of RMB42.9 million, RMB91.4 million and RMB130.2

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million, respectively, accounting for 19.0%, 19.1% and 18.4% of our total cost of sales for the corresponding years. If the compensation package we offer is not competitive in the market, we may not be able to provide sufficient incentives to or maintain a stable and dedicated talent pool. Any failure to address these risks and uncertainties could materially and adversely affect our business and results of operations. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Changes in international trade policies and investment restrictions, including imposition of additional trade restrictions and sanctions, may adversely impact our reputation, business, investments, financial condition and results of operations.

International expansion is a significant component of our growth strategy and may require significant capital investment, which could strain our resources and adversely impact our operations and financial performance. Our revenue generated from overseas market increased from RMB68.1 million in 2023 to RMB136.9 million in 2024 and further to RMB254.2 million in 2025. We are subject to PRC law in addition to the laws of the foreign countries and regions in which we operate. If any of our operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business, financial condition and results of operations.

In addition, we may face difficulties in managing our third-party suppliers and other business partners on a global scale. Any negative changes in the global geopolitical environment may materially and adversely affect our ability to secure stable supplies from our suppliers and, more generally, our ability to conduct our business. The following are some of the risks inherent in doing business globally that may not be applicable to companies focused on one single geographic market:

- difficulties in developing, staffing and simultaneously managing an overseas operation as a result of distance, language and cultural differences;
- challenges in formulating effective local sales and marketing strategies targeting users from various jurisdictions and cultures;
- geopolitical turmoil and instability in the regions where we operate, and any resulting disruption, instability or volatility in the global markets and industries resulting from such conflicts;
- political or social unrest or economic instability within a country or region;
- transportation and communication delays;
- longer customer payment cycles;
- the adverse effects of tariffs, duties, price controls, embargos or other restrictions that impair trade;
- currency exchange rate fluctuations;

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- decreased visibility as to future demand;
- difficulties in trade receivables collections;
- compliance with applicable foreign laws and regulations and unexpected changes in laws or regulations, including compliance with labor practices, environmental laws, and compliance costs across different legal systems; and
- claims and lawsuits, including class actions, brought against us from courts or regulators of other jurisdictions, which could materially and adversely affect our reputation, business and results of operations. See “— We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.”

Recent trade tensions, such as the ongoing U.S.-PRC trade dispute, have potentially led to high tariffs, increased export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. Throughout 2025, the U.S. government announced several rounds of additional tariffs on imports from China under the International Emergency Economic Powers Act (“IEEPA”). These tariffs were ruled unlawful by the U.S. Supreme Court on February 20, 2026. In response, the President suspended collection of such IEEPA-based duties and imposed a temporary 10 percent ad valorem import surcharge for a 150-day period on goods imported into the United States, effective February 24, 2026, with certain product exceptions. There is still a high degree of uncertainty surrounding U.S. tariff policy, how it will be implemented, and how other countries will react to it. It also remains unclear whether increased tariffs and trade tensions will further disrupt international trade or lead to a downturn in the global economy. If any new tariffs, legislation, or regulations are implemented, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

In recent years, the U.S. has increased export controls restrictions on the PRC including by adding increased controls to the Export Administration Regulations (the “**EAR**”), which includes a list of foreign persons on which certain trade restrictions are imposed (the “**Entity List**”). The export, re-export and/or in-country transfer of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. In the past, certain of our customers have been added to the Entity List, and in some cases, a license has been required for the export, re-export, and in-country transfer of items to these customers. Additional customers or suppliers may become listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us. We may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business.

Additionally, we may be subject to investment restrictions under U.S. laws. For example, the final rule (the “**Outbound Investment Rule**” or “**OIR**”) implementing Executive Order 14105, which took effect on January 2, 2025, will restrict U.S. person’s direct and indirect investment into entities associated with China (including Hong Kong and Macau) that are engaged in any “covered activity.” As

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advised by our International Sanction Counsel, we believe that we are not a “covered foreign person” for purposes of the OIR, because: (i) no Group entity engages in any “covered activity” in the semiconductors and microelectronics, quantum information technologies, or AI sectors, which are sectors subject to restrictions under the OIR; (ii) no Group entity has a voting or equity interest, board seat, or certain payment with respect to any “covered foreign person,” nor more than 50 percent of its annual revenue, net income, capital expenditure or operating expenses (individually for one “covered foreign person” or aggregated for all) is attributable to one or more such “covered foreign persons”; and (iii) no Group entity participates in any joint venture that engages in any “covered activity.” Therefore, our Directors and International Sanctions Counsel are of the view that U.S. persons are not restricted from investing in our Company, and no notification or prohibition requirements under the OIR are applicable. Any investor that is uncertain about the OIR’s application should consult its own counsel. However, the current regulatory scope under the OIR is subject to change. For instance, on December 18, 2025, the U.S. President signed the Comprehensive Outbound Investment National Security Act of 2025 (“**COINS Act**”) into law, which mandates the issuance of new regulations that will amend, supersede, or otherwise modify the existing OIR framework not later than 450 days after the date of the COINS Act’s enactment. If there are any changes in the future, either to the rules or to our business, our future fundraising activities may potentially be subject to restrictions regarding investments or otherwise, which could adversely affect our strategic initiatives, financial performance and growth prospects.

Global trade disruption, significant introductions of trade barriers and bilateral trade frictions as well as investment restrictions, together with any future downturns in the global economy resulting therefrom, could adversely affect our financial performance and the financial performance of our investments. If the aforementioned trade- and investment-related issues continue, particularly due to geopolitical tensions, it could result in significant additional impacts on the industries in which we operate, the jurisdictions of our investments, and potentially lead to other adverse effects on our investments.

Quality control and reliability is especially critical in the micro- and nanofabrication industry, and any product defects, delays in delivery and adverse performance reliability could negatively affect our business, financial condition and results of operations, and may expose us to contractual liabilities, litigation risks and regulatory actions.

Our customers generally establish demanding specifications for quality, performance, and reliability that our products are required to meet. Our products are based upon evolving technology and are highly complex. The integration of additional functions into already complex products could result in a greater risk that customers or their end customers could discover latent defects after we have already shipped significant quantities of a product, which might require product replacement or recall. Defective products can be caused by design, defective materials or component parts, or manufacturing difficulties. In particular, manufacturing processes or changes thereof, including raw material used in the manufacturing processes, may cause delays in production or cause our products to malfunction or fail. For example, minute levels of contaminants in the manufacturing environment or other factors can cause a portion of the components on a wafer to be non-functional. These problems may be difficult to detect at an early stage of the manufacturing process and are often time-consuming and expensive to correct.

We may from time to time encounter product quality, performance and reliability issues. Delivery of products with defects or reliability, quality or compatibility problems may damage our reputation and ability to retain existing customers and attract new customers. If defects and failures occur in our

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products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with customer support, cancellation or rescheduling of orders or shipments, and product returns or discounts, any of which could harm our business, financial condition and results of operations. We may also face litigation and regulatory actions in relation to our product defects and failures. See “— We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.”

Furthermore, we cannot guarantee that we will always achieve acceptable yields at third-party suppliers, which may result in delays in the availability of components. Moreover, an increase in the rejection rate of these components, or our products incorporating them, during the quality control process before, during or after the manufacturing process may result in lower yields and margin, as well as disruptions to our delivery schedule.

In addition, changes in manufacturing processes required as a result of changes in product specifications, changing customer needs and the introduction of new business lines may significantly reduce manufacturing yields, potentially affecting our gross profit margin at least in the short term. Poor manufacturing yields over a prolonged period of time could adversely affect our ability to deliver products on a timely basis, increase our gross profit margin, and maintain a stable relationship with our customers, which could materially and adversely affect our business, financial condition and results of operations.

If we suffer substantial disruption to any of our manufacturing facilities, or encounter problems in manufacturing our products, our business and results of operations could be adversely affected.

We undertake the assembly of most of our products in our own manufacturing facilities. Our manufacturing facilities in Suzhou produced approximately 7,989.5 million units, 112.3 million units and 33.8 million units MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems, respectively, during the Track Record Period. We plan to continuously adjust our manufacturing capacity to market demand and to improve our productivity.

Our production operations involve the coordination of raw materials, internal production processes and external distribution processes. We may experience difficulties in coordinating the various aspects of our production processes, thereby causing downtime and delays. We produce and store almost all our products, as well as conduct some of our development activities, at our own facilities. During the Track Record Period, we engaged third-party service providers for certain processing steps in our production process when specialized technical capabilities are required. In 2023, 2024 and 2025, our outsourced processing costs amounted to approximately RMB22.4 million, RMB45.5 million and RMB66.6 million, respectively, representing approximately 9.9%, 9.5% and 9.4% of our total cost of sales for the corresponding years. See “Business — Manufacturing — Outsourced Processing Arrangements.” A delay or stoppage of production caused by adverse weather, natural disaster or other unanticipated catastrophic event, including, without limitation, power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to produce our products and operate our business. Our facilities and certain equipment located in these facilities would be difficult to replace and could require substantial replacement lead-time. Catastrophic events may also destroy any inventory located in our facilities and is likely to affect our business materially and adversely. Any stoppage in production, even if temporary, or delay in delivery to our customers could adversely affect our business, results of operations, and financial condition.

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If we fail to increase our manufacturing capacity, our business growth could be adversely affected.

Our growth prospects and profitability partially rely on our ability to expand production capacity and enhance production efficiency to meet increasing customer demand for our products. As of December 31, 2025, our manufacturing facility in Suzhou had designed annual solution production capacity of approximately 2,726.1 million units, 48.2 million units and 16.8 million units for MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems, respectively. In 2023, 2024, and 2025, the utilization rate of our MEMS micro- and nanofabrication components production line was 55.8%, 67.3%, and 67.3% ; the utilization rate of our semiconductor test probes production line was 30.9%, 42.8% and 56.5% ; and the utilization rate of our miniature transmission systems production line was 8.6%, 40.4%, and 42.6%. Expanding and upgrading production capacity requires careful planning and significant investment in facility construction, equipment procurement, and workforce development. These efforts are subject to several factors, including: (i) availability of front-loaded capital expenditure for construction and equipment purchases; (ii) progress of facility construction or delivery of equipment; (iii) challenges in installing and commissioning new equipment; and (iv) successful implementation of new production processes.

If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, we may lack sufficient capacity to fulfill customer orders, or we may experience delays in our delivery of products to our customers. As a result, our customers’ satisfaction may decline and our reputation for reliability and efficiency could be damaged. In addition, if we do not receive sufficient orders from our customers to effectively utilize our production bases, we may be subject to low utilization rates of production capacity or over-capacity for our production bases, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the investments incurred for construction of any new production bases or expansion of any existing facilities and maintenance of expanded production capacity. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Failure to effectively manage our supply chain could increase our operating costs, or result in manufacturing delays that lead to unfulfilled customer orders, either of which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our future success depends in part on our ability to manage our supply chain to timely manufacture and deliver our products with quality. We source the raw materials and some of the components for our products from third-party suppliers, including suppliers for probe parts, blades, screws, printed circuit boards, and other parts. Our business operation and financial condition rely on our capabilities to efficiently and cost-effectively obtain raw materials and components. Should there be any further rise in price of raw materials and components, our business, financial condition and results of operations could be materially and adversely affected.

Moreover, the lead times associated with certain raw materials and components are lengthy and preclude rapid changes in quantities and delivery schedules. We may in the future experience shortages and price fluctuations of certain key components with limited foresight into their supply stability or price variability. These potential shortages or cost changes could significantly and negatively impact our business in the future.

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In addition, the supply chain of our raw materials and components is subject to risks associated with geopolitical tensions or health epidemics globally. Any disruption caused by trade barriers, levies, labor stoppages or other disturbances could hinder our ability to procure raw materials or components both promptly and affordably from our third-party suppliers. Any future shortage may lead to increases in the prices of alternative raw materials and components and may cause suppliers to allocate available raw materials and components more selectively among their customers across these industries which could disrupt our supply chain and prevent us from meeting our customer commitments. Moreover, such shortage could lead to increases in raw material cost and negatively impact our future profitability. We may have to maintain a higher level of inventory to mitigate the anticipated shortage, resulting in increases in inventory costs and potential write-offs. See “— We may fail to adequately manage our inventory.”

We are dependent on certain major suppliers. In each of 2023, 2024 and 2025, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB41.7 million, RMB102.4 million, and RMB103.9 million, respectively, representing approximately 26.1%, 27.8% and 20.2% of our total purchases, respectively. We cannot guarantee that our business relationships with these suppliers will be successfully maintained in the future. If there is any discontinuation or loss of business with respect to our cooperation with our major suppliers, it could result in interruption or delay in the supply of any of the key materials, components or services, or we may not be able to procure alternative raw materials, components or services in a cost-efficient and timely manner. As a result, our business, results of operations, and financial position could be materially and adversely affected.

We may fail to adequately manage our inventory.

In order to operate our business effectively and meet the procurement demands and expectations of our customers, we must maintain a certain level of inventory to meet the needs of production and ensure timely delivery of our products. As of December 31, 2023, 2024 and 2025, we had inventories of RMB70.2 million, RMB98.8 million and RMB104.9 million, respectively. The large amount of inventory may further increase as our business scale expands. We are committed to adopting a flexible approach to inventory management, adjusting our inventory levels in response to market demand fluctuations. When market demand increases, we correspondingly raise our inventory levels to ensure supply stability. However, such an approach is inherently uncertain, and the demand for our products could change significantly between the order date and the projected delivery date. We cannot assure you that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. Furthermore, if we underestimate the demand for our products, we may not be able to produce a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

As of December 31, 2023, 2024 and 2025, we recorded provision of inventories of RMB14.1 million, RMB16.8 million and RMB21.1 million, respectively. Demand forecasts are inherently uncertain despite supply chain management mechanisms due to a number of factors, such as launch of new products, pricing, changes in customer procurement decisions and evolving preferences of consumers, each of which may affect the accuracy of any forecast. We may record impairment losses

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from time to time in accordance with our impairment policies. Any of the above may materially and adversely affect our business, results of operations and financial condition. As we plan to continue to expand our production capacities, we may continue to face challenges in effectively managing our inventory.

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.

We may enter into strategic alliances with various third parties, such as our key customers and suppliers, to facilitate the implementation of our business strategies from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor such third parties’ actions. To the extent the third parties suffer negative publicity or harm to their reputations from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

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. In addition, investments and acquisitions could 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. Such investments or acquisitions may fail to deliver the anticipated strategic or financial benefits, including cost savings, revenue growth, or technological advancements. Any such negative developments could have a material and adverse effect on our business, financial condition and results of operations.

In addition, our financial results could be adversely affected by our investments or acquisitions. The investments and acquired assets or businesses may not generate the financial results we expect. They could result in occurrence of significant investments and goodwill impairment charges, and amortization expenses for other intangible assets. From time to time, we may also divest under-performing businesses, or businesses that no longer fit our overall strategy. Such divestitures may have a negative impact on our financial performance for the relevant period. Other risks associated with strategic alliances, investments, acquisitions and divestitures include: (i) difficulty in realizing the potential technological benefits of the transaction; (ii) problems integrating the acquired key employees, operations, technologies or products into our existing business and products; (iii) difficulty in maintaining uniform standards, controls, procedures and policies; (iv) adverse effects on existing business relationships with employees, customers, suppliers and strategic partners as a result of integration of new businesses and management personnel; (v) risks associated with entering markets in which we lack experience; and (vi) negative publicity, litigation, government inquiries, investigations or actions against the companies we invest in or acquire, or even against our other businesses. Our failure to address these risks successfully could have a material and adverse effect on our business, financial condition and results of operations.

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Failures or perceived failures to comply with applicable cybersecurity, data and privacy protection requirements, or theft, loss, or misuse of personal information about our employees, customers, end users, or other third parties, or other information, could increase our expenses, damage our reputation, or result in legal or regulatory proceedings.

The theft, loss, or misuse of the operational data collected, processed, used, stored, or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims may be required to expend significant resources to comply with data breach requirements if, for example, third parties improperly access, obtain and use the operational data, or we otherwise experience a data loss with respect to the operational data. A major breach of our network security and systems may result in fines, penalties, and damages, harm our reputation, and adversely affect our business, results of operations, and financial condition.

Data privacy is subject to evolving rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. We are subject to a variety of local, national and international laws, directives, and regulations that apply to the collection, use, retention, protection, security, disclosure, transfer, and other processing of personal data in the different jurisdictions in which we operate (“**Data Protection Laws**”). Any failure by us or our vendors or other business partners to comply with such Data Protection Laws could result in regulatory or litigation-related actions against us, legal liability, fines, damages, ongoing audit requirements, and other significant costs under applicable laws and regulations.

Global privacy legislation, enforcement, and policy activity in this area are rapidly expanding and creating a complex regulatory compliance environment. Because many Data Protection Laws are new or subject to recent revisions or updates, there is often little clarity as to their interpretation or best practices for compliance, as well as a lack of precedent for the scope of enforcement. Costs to comply with Data Protection Laws and implement related privacy and data protection measures are significant, and may require us to change our business practices and compliance manners. Any non-compliance could adversely affect our ability to collect, analyze, and store data, expose us to significant monetary penalties, damage to our reputation, result in suspension of online services or sites in certain countries, and even result in criminal sanctions. Even our inadvertent failure to comply with Data Protection Laws could result in audits, regulatory inquiries, or proceedings against us by governmental entities or other third parties. Any inability to adequately address data privacy or data protection, or other information security-related concerns, even if unfounded, to successfully negotiate privacy, data protection, or information security-related contractual terms with customers, or to comply with Data Protection Laws, could result in additional cost and liability to us, harm our reputation and brand, and could adversely affect our business, results of operations, and financial condition.

Our business depends on the proper functioning of internal processes and information technology systems. A failure of these processes and systems, data breaches, cyber-attacks, or other cybersecurity incident may cause business disruptions, compromise our intellectual property or other sensitive information, litigation or government actions, or result in losses.

We rely on the efficient and uninterrupted operation of complex information technology applications, systems and networks to operate our business. The reliability and security of information technology infrastructure and software, and our ability to expand and continually update technologies in response to changing needs is critical to our business. Any significant interruption in these applications,

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systems or networks, including new system implementations, computer viruses, cyberattacks, security breaches, facility issues, energy blackouts or other security incidents, could have a material and adverse impact on our business, financial condition and results of operations.

Cyber-attacks attempting to obtain access to our computer systems and networks could result in the misappropriation of proprietary information and technology. Although we have not experienced a material breach or incident to date, there can be no assurance that a future breach or incident will not have a material impact on our operations and financial results. In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, state-sponsored intrusions, industrial espionage, employee malfeasance, and human or technological error. In the event of such breaches, we, our customers or other third parties could be exposed to potential liability, litigation, and regulatory action, as well as the potential loss of existing or potential customers, damage to reputation, and other financial loss. In addition, the cost and operational consequences of responding to attempted breaches and implementing remediation measures could be significant.

Cyber-attacks or other catastrophic events could result in interruptions or delays to us, our customers, or other third-party operations or services, financial loss, potential liability, and damage our reputation and affect our relationships with customers and suppliers. Further, we may be subject to theft, loss, or misuse of personal and confidential data regarding our employees, customers and suppliers that are routinely collected, processed, used, stored, and transferred to run our business. Such theft, loss, or misuse could result in significantly increased business and security costs or costs related to defending legal claims. In addition, material changes in cybersecurity, privacy-related or data protection laws and regulations in each applicable jurisdiction could result in increased costs on us in order to maintain compliance.

Our business also depends on various outsourced information technology services. We rely on third-party vendors to provide critical services and to adequately address cyber security threats to their own systems. Any material failure of third-party systems and services to operate effectively could disrupt our operations and could have a material and adverse effect on our business, financial condition and results of operations.

Our ability to compete will be harmed if we are unable to protect, maintain or enforce our intellectual property rights adequately. Our patents, trade secrets, know-how and other proprietary information may be stolen, used in an unauthorized manner, or compromised, which could materially and adversely affect our results of operations, financial condition, business and prospects.

We believe that the protection of our intellectual property rights is, and will continue to be, important to the success of our business. We rely on a combination of patents, trade secret protection, non-disclosure and other contractual agreements and trademarks to establish and protect our proprietary intellectual property rights. Our inability to adequately protect our intellectual property rights could materially and adversely affect our competitive position, business, financial condition and results of operations.

Our ability to obtain additional patents is uncertain and the legal protection afforded by these patents may not adequately protect our rights or permit us to gain or keep competitive advantage. In addition, the specific content required of patents and patent applications that are necessary to support and interpret patent claims can be uncertain due to the complex nature of the relevant legal, scientific and factual issues. Changes in either patent laws or interpretations of patent laws in China, the U.S. or

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elsewhere may diminish the value of our intellectual property or narrow the scope of our patent protection. We cannot assure you that any patent will be issued as a result of any application or, if issued, that any claims allowed will be sufficiently broad to protect our technology. It is possible that existing or future patents may be challenged, invalidated or circumvented. In addition, the cost to litigate infringements of our patents, or the cost to defend ourselves against patent infringement actions by others, could be substantial and, if incurred, could materially affect our business and financial condition. See “— We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.”

Proprietary trade secrets and unpatented know-how are also very important to our business. We rely on trade secrets to protect certain aspects of our technology, especially where we do not believe that patent protection is appropriate or obtainable. However, trade secrets can be difficult to protect. Our employees, consultants, contractors, outside collaborators and other advisors may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential or proprietary information. Enforcing a claim that a third party illegally obtained and is using our trade secrets may be expensive and time-consuming and may not be successful at all. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Assertions against us by third parties for infringement of their intellectual property rights could divert management attention, result in significant costs and cause our business, financial condition and results of operations to suffer.

The micro- and nanofabrication industry is characterized by vigorous protection and pursuit of intellectual property rights and positions, which results in protracted and expensive litigation for many companies. We may receive claims from various industry participants alleging infringement of their patents, trade secrets or other intellectual property rights in the future. These claims may increase as our intellectual property portfolio becomes larger and/or more valuable. Intellectual property claims against us, and any resulting lawsuit, may cause us to incur significant expenses, subject us to liability for damages and invalidate our proprietary rights. Any potential intellectual property litigation against us would likely be time-consuming and expensive to resolve and could divert management’s time and attention and could also force us to take actions such as: (i) ceasing the sale or use of products or services that incorporate the infringed intellectual property; (ii) obtaining from the holder of the infringed intellectual property a license to sell or use the relevant technology, which license may not be available on acceptable terms, if at all; or (iii) redesigning those products or services that incorporate the disputed intellectual property, which could result in substantial unanticipated development expenses and delay and prevent us from selling the products until the redesign is completed, if at all.

If we are subject to a successful claim of infringement and we fail to develop non-infringing intellectual property or license the infringed intellectual property on acceptable terms and on a timely basis, we may be unable to sell some or all of our products, and our business, financial condition and results of operations could be adversely affected. We may in the future initiate claims or litigation against third parties for infringement of our intellectual property rights or to determine the scope and validity of our proprietary rights or the proprietary rights of competitors. These claims could also result in significant expense and the diversion of technical and management attention. In addition, third parties may assert claims of infringement and misappropriation of proprietary rights based on the use or resale of our products against our business partners with whom we do business. In addition, the end

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customers may also be named as parties in these claims. Under our agreements with certain customers, we may be required to defend protracted and costly litigation on their behalf, regardless of the merits of these claims, or to indemnify these parties for such claims. If we are required or agree to defend or indemnify any of our suppliers, customers or their end customers in connection with any claims of infringement or misappropriation of proprietary rights or injunctions are secured by third parties that prevent the sale of products that incorporate our products, we could incur significant costs and expenses and experience a significant decrease in our revenue that could adversely affect our business, financial condition and results of operations.

The intellectual property laws of different jurisdictions may differ and we may not be able to protect or enforce our intellectual property rights in certain jurisdictions.

Our international operation requires us to seek protection of our intellectual property in various jurisdictions including the PRC, the U.S., Europe and other countries or regions, relying on a combination of trade secrets and regulatory protection methods. The issuance, scope, validity and enforceability of our patents and other intellectual property rights are highly uncertain and differ significantly in different jurisdictions. For example, filing and prosecuting patent applications and defending patents covering our technologies in all countries across the world could be prohibitively expensive. Competitors may use our technologies in jurisdictions in which we have not obtained sufficient intellectual property protection and may subsequently export otherwise infringing products to territories where we have intellectual property protection, taking advantage of the varying levels of law enforcement across jurisdictions. Furthermore, while we intend to protect our intellectual property rights in our significant markets, there can be no assurance that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may expect to expand our business.

In addition, the laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in jurisdictions such as the U.S. and Europe, and many companies have encountered significant difficulties in registering, protecting and defending such rights in certain jurisdictions. Furthermore, the legal systems of certain countries, particularly developing countries, may not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or the sales and marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in different jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have a material adverse effect on our business, financial condition and results of operations.

We could be adversely affected by violations of applicable anti-corruption laws or violations of our internal policies designed to ensure ethical business practices.

We operate in a number of countries throughout the world, including in countries with a strong commitment to anti-corruption and ethical behavior. We are subject to the risk that we, our employees or any third-parties that we engage to do work on our behalf in certain countries may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business. Corruption can result in huge economic losses due to fraud, theft and waste. Moreover, corruption can corrode critical public institutions, such as the courts, law enforcement and public pension

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administration, thereby undermining property rights, public confidence and social stability. As a result, corruption dramatically increases the systemic risks that exist in some of the jurisdictions in which we operate. We are thus exposed to the increased costs and risks of corruption where we operate, and there can be no assurance that any reform efforts will have a meaningful effect during our term. The U.S. has the FCPA, and other jurisdictions have adopted similar anti-corruption laws. Many of these laws have extraterritorial application.

In recent years, the U.S. Department of Justice has devoted greater resources to enforcement of the FCPA. Other countries have also adopted or improved their anti-corruption legal regimes in recent years. We are committed, to the fullest extent permitted by applicable law, to complying with the FCPA and other anti-corruption laws and regulations, anti-bribery laws and regulations, as well as antiboycott regulations to which they/we are subject. As a result, we could be adversely affected because of our unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations can make it difficult in certain circumstances for us to act successfully on investment opportunities and for Portfolio Entities to obtain or retain business.

Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our business, financial condition and results of operations. In addition, we have internal ethics policies in place that we require our employees to comply with in order to ensure that our business is conducted in a manner that our management deems appropriate. If these anti-corruption laws or internal policies were to be violated, our reputation and operations could also be substantially harmed. In addition, we could incur costs and expenses associated with engaging external counsel or other third-party consultants or professionals in connection with inquiries or investigations relating to FCPA or other applicable anti-corruption laws or anti-bribery laws. In these cases, we could suffer significant losses from the cost of defense, interruption to ordinary operations and fines and penalties.

RISKS RELATING TO OUR FINANCIAL PERFORMANCE

Our historical financial performance may not be indicative of the future. We incurred net loss during the Track Record Period and we may not be able to maintain revenue growth and become profitable going forward.

We have experienced substantial growth in recent years. Our revenue increased from RMB285.5 million in 2023 to RMB864.2 million in 2025, representing a CAGR of 74.0%. However, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications and delays in our business growth. If our assumptions regarding risks and our future revenue growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our operating and financial results could differ from our forecast, and our results of operations and financial condition could be materially and adversely affected.

However, our gross profit margin decreased from 20.9% in 2023 to 15.8% in 2024. This was primarily because the increase in our cost of sales outpaced that for our revenue as we introduced new products to solidify our leading position in the industry. As we gradually achieved economies of scale for certain new products, our gross profit margin increased to 18.3% in 2025. However, our cost of sales may continue to increase in the future as we further expand our business and launch more products, which may cause our gross profit margin to decrease.

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In addition, we incurred net loss of RMB20.9 million and RMB8.6 million in 2023 and 2024, respectively. We may continue to incur net losses in the short term as we are in the stage of expanding our business and operations in the rapidly growing micro- and nanofabrication market and miniature transmission systems in sweeping robot market in the PRC. We expect to continue to make investments in operating activities in the near future as we will continue enhancing our existing products, developing new offerings, hiring qualified personnel and seeking technological breakthroughs. We will also incur substantial administrative expenses associated with our growth, including costs related to internal systems and operating as a [REDACTED] company after the [REDACTED].

Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. All these endeavors involve risks and will require significant managerial, financial and human resources. We are likely to encounter challenges across various aspects of our operations arising from rapid business growth, such as overseeing the supply chain to support rapid business growth, navigating new markets, maintaining relationships with our customers, business partners and service providers, and managing our financial resources and liquidity position. If we fail to effectively manage the growth of our business, our costs and expenses may increase more than we have planned, and we may not successfully retain existing customers and attract new customers, respond to competition, or otherwise execute our business strategies. Any of these could adversely affect our business, results of operations, financial condition and prospects.

We have recorded net operating cash outflow in the past, and our liquidity, financial condition and prospects may be adversely affected if we continue to record net operation cash outflow in the future.

For the year ended December 31, 2023, we had net cash flows used in operating activities of RMB11.1 million. For a detailed analysis on our operating cash flow, see “Financial Information — Liquidity and Capital Resources — Cash Flows.” It is possible that our operating cash flow will continue to be subject to our prospective business activities and/or other matters beyond our control, such as market competition and changes to the macroeconomic environment. In particular, our working capital requirements and cash flows are subject to changes due to certain factors, including: (i) fluctuations in the revenue from our operating activities; (ii) fluctuations in the collection of receivables; (iii) timing and the size of payables; (iv) timing and size of capital expenditures; and (v) the repayment schedules of our debt obligations.

If we are unable to manage fluctuations in cash flow, we may not be able to fulfill our obligations under our business and operational agreements, and our operating results and financial condition may be materially adversely affected. Furthermore, if we are not able to generate net cash inflows, we would need to seek adequate financing from sources such as equity or equity-linked instruments and external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we are unable to maintain adequate working capital or obtain sufficient equity or debt financings to meet our capital needs, we may be unable to continue our operations according to our strategic plans, and our business, financial position and results of operations may be adversely affected.

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We may not be able to implement our business strategies and expansion plans. If we do not successfully manage our growth, our ability to increase our revenue and improve our earnings could be adversely affected.

We plan to achieve our business growth by implementing a series of strategies. There is no assurance that we will be able to implement our business strategies and expansion plans successfully, which in turn are subject to uncertainties and changing market conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialize. We may encounter difficulties in implementing our business strategies such as failing to further expand our operations due to intense competition in the micro- and nanofabrication industry and the new regulations in the micro- and nanofabrication industry that we may not be familiar with. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Further, there is also no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate.

Our growth has placed, and will continue to place, a significant strain on our management and other resources. To manage our growth effectively, we must, among other things: (i) continuously improve our operational, financial and accounting systems; (ii) train, manage and maintain good relations with our existing employee base; (iii) attract and retain qualified personnel with relevant experience; (iv) effectively manage trade receivables and inventory; and (v) navigate evolving trade and investment policies — both domestically and internationally — that may impact our supply chain, market access, investment strategy, and overall business operations.

We must also manage multiple relationships with customers, business partners and other third parties. Moreover, future growth could significantly overburden our management and financial systems and other resources. We may not make adequate allowances for the costs and risks associated with our expansion. In addition, our systems, procedures or controls may not be adequate to support our operations, and we may not be able to expand quickly enough to capitalize on potential market opportunities. Our future results of operations will also depend, in part, on our ability to expand sales and marketing, R&D, accounting, finance and administrative support.

We are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade and bills receivables may materially and adversely affect our business, financial condition and results of operations.

Our trade and bills receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2023, 2024 and 2025, our trade and bills receivables at amortized cost amounted to RMB116.5 million, RMB190.5 million and RMB208.0 million, respectively. The credit terms granted to our customers generally ranged 30 days to 120 days from the date of invoice. See “Financial Information — Discussion of Certain Key Consolidated Statements of Financial Position — Trade and Bills Receivables at Amortized Cost” for more details.

We cannot assure you that we will be able to collect all or any of our trade and bills receivables on time, or at all. Our customers may face unexpected circumstances. We may not be able to receive such customers’ payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would adversely affect our financial condition and results of operations.

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Our future results may fluctuate, fail to match past performance or fail to meet expectations as a result of conditions beyond our control, such as general economic conditions in the overseas and domestic markets, cyclical and other market conditions within our industry and the financial health and viability of our suppliers and customers.

Our results may fluctuate in the future, may fail to match our past performance or fail to meet our expectations and the expectations of securities analysts and investors as a result of conditions beyond our control. Our results and related ratios, such as gross profit margin, operating profit margin and effective tax rate may fluctuate for a variety of reasons beyond our control, including: (i) general economic and political conditions in the countries and regions where we sell our products; (ii) the timing of new product introductions by our customers and our competitors; (iii) seasonality and variability in the verticals we serve; (iv) movements in exchange rates, which can impact our reported revenues, cost of goods sold, and profitability, especially given that we operate across multiple jurisdictions and transact in various currencies; (v) fluctuations in interest rates, which may affect our financing costs, capital expenditures, and investment returns, particularly if we rely on variable-rate debt or seek to fund growth through external financing; (vi) unexpected changes in the manufacturing and delivery capabilities of our suppliers; and (vii) the imposition of additional trade and investment restrictions, tariffs, export controls, or sanctions that could increase our costs, disrupt our supply chain, limit our access to key markets, or constrain our ability to invest in or collaborate with certain technologies or jurisdictions.

In particular, the micro- and nanofabrication industry is highly cyclical and has experienced significant downturns in the past, characterized by reduced product demand, production overcapacity, increased inventory levels, industry-wide fluctuations in demand, and substantial erosion of average selling prices. These industry cycles can be exacerbated by macroeconomic volatility, including rising interest rates, inflationary pressures, currency fluctuations, and geopolitical instability. As a result, the cyclical nature of the micro- and nanofabrication industry may cause us to experience substantial period-to-period fluctuations in our business, financial condition, and results of operations.

We face potential liabilities, in particular product liability claims or lawsuits, which could cause us to incur substantial liabilities.

We rely on the strength of our reputation and brands in marketing and selling our products. Certain of our products are used as components in third-party end products, which are designed, assembled and sold by our customers or other downstream manufacturers. As we are not involved in the design, production or quality control of these end products, we cannot practically identify or eliminate all of the potential complexity or risk factors associated with the end-use environment. Therefore, even if our products meet the required specifications and pass all quality inspections at the time of delivery, we cannot assure that they will perform as expected under sophisticated, dynamic or unforeseen application scenarios. Any failure or malfunction of the end products in which our products are embedded, whether or not attributable to our products, may expose us to product liability claims or reputational damage. Our business, financial condition and results of operations could be adversely affected by the occurrence of quality issues, which may result in customer complaints, adverse publicity or media reports, product liability claims, investigations and imposition of penalties by the relevant government authorities, suspension or revocation of our licenses, permits, certificate or qualifications necessary for the operation of our business and interruptions or suspensions of production.

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We received government grants and preferential tax treatment in the past and are subject to complex income tax and other tax regulations. Any discontinuation of, or changes to, such financial incentives or tax regulations may adversely affect our financial performance and results of operations.

During the Track Record Period, we received government grants and were also entitled to certain preferential tax rates. In 2023, 2024 and 2025, we received government grants of RMB8.5 million, RMB5.0 million and RMB3.2 million, respectively. See “Financial Information — Description of Key Items of Consolidated Statements of Profit or Loss,” and note 10 to the Accountants’ Report in Appendix I to this document. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancellation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiary will be subject to the PRC enterprise income tax, at a rate of 25% on taxable income. As a result, the increase in our tax charge could lead to a material and adverse impact on our results of operations and financial condition.

In addition, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. As such, the tax authorities in jurisdictions we operate in may successfully challenge our position and may require us to pay taxes, interest on such taxes, and/or penalties in excess of our tax provisions. During the Track Record Period, we carried out certain intra-group transactions, mainly including intra-group sales of goods. Our profit allocation and income tax positions in the jurisdictions in connection with such transfer pricing arrangements are subject to the interpretations by relevant tax authorities of applicable tax law as well as applicable rules and regulations with respect to transfer pricing in these jurisdictions. Significant judgment and the use of estimates are required in determining our profit allocation and income tax positions in terms of our transfer pricing arrangements. We have engaged an independent transfer pricing advisor to review and assess our transfer pricing arrangements during the Track Record Period. See “Business — Transfer Pricing Arrangement” for details. However, if a competent tax authority of a relevant jurisdiction determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant subsidiaries to re-assess the transfer prices and reallocate the income or adjust the taxable income, which could result in material additional taxes, penalties, interest, or other charges. If we are considered not to be in compliance with the applicable transfer pricing rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax and statutory interest or fines.

We may require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our product manufacturing and development and other operations.

Capital requirements are difficult to plan in the highly dynamic, cyclical and rapidly changing micro- and nanofabrication industry. From time to time and increasingly so for the next few years, we will continue to need significant capital to fund our operations and manage our capacity in accordance with market demand. Our ability to obtain additional capital is subject to a variety of uncertainties, including: (i) our market position and competitiveness in the global micro- and nanofabrication industry; (ii) our future profitability, overall financial condition, results of operations and cash flows; (iii) general market conditions for capital-raising activities by micro- and nanofabrication companies in the PRC; and (iv) social, economic, political and other conditions in the PRC and internationally.

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We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to issue additional equity securities. The issuance of additional equity or equity-linked securities could dilute our Shareholders’ shareholding interest. In case the capital required for our expansion could not be raised through the issuance of equity or equity-linked securities, we may need to incur additional indebtedness, which will lead to increased debt service obligations and could result in operating and financing covenants that may restrict our operations or our ability to pay dividends to our Shareholders. Our profitability would also be adversely affected if the increase in interest expenses could not be passed on to our downstream customers.

Increased labor-related expenses could slow our growth and affect our profitability.

Our operations require a sufficient number of qualified employees. To support our rapid growth, we have incurred increasing labor-related expenses, with total employee benefit expenses of RMB117.9 million, RMB157.6 million and RMB184.3 million in 2023, 2024 and 2025, respectively. Further, we intend to recruit highly capable and experienced employees to support our business growth and to provide our employees with training and development opportunities. Such recruitments may increase our labor-related expenses, and there is no assurance that our total revenue will increase in proportion to or at a faster pace than that in labor-related expenses. As a result, the increases in labor-related expenses may have a negative impact on our results of operations and financial condition. Our continued investments in recruiting, retaining and training our employees may also place constraints on our liquidity and working capital.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted the 2022 Restricted Share Incentive Plan on December 12, 2022, as a long-term incentive mechanism to attract and retain talent, align interests of shareholders, the Company, and our core team. We recorded share-based payment expenses of RMB2.6 million in 2023, and net gain on share-based payment of RMB64 thousand, and RMB2.5 million in 2024 and 2025, respectively. The 2022 Restricted Share Incentive Plan had expired and was no longer in effect as of March 30, 2026. See “History, Development and Corporate Structure — Major Corporate Development — 2022 Restricted Share Incentive Plan” for details. To further incentivize employees and directors, we may grant additional share-based compensation in the future. Issuance of additional Shares may dilute the shareholding percentage of our existing shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

RISKS RELATING TO OUR OPERATIONS

We are subject to a broad range of laws and regulations. Any lack of requisite approvals, licenses or permits applicable to our business or any failure to comply with applicable laws or regulations may have a material and adverse impact on our business, financial condition and results of operations.

We are subject to laws and regulations in the jurisdictions in which we operate that affect our operations and that differ among jurisdictions, including intellectual property ownership and infringement laws, tax laws, import and export regulations, anti-corruption laws, foreign exchange controls and cash repatriation restrictions, data privacy laws, competition laws, advertising regulations,

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employment laws, product regulations, environmental laws, health and safety requirements, consumer laws and national security laws. Compliance with such requirements can be onerous and expensive, and may otherwise adversely affect our business, results of operations, and financial condition. In addition, the laws and regulations applicable to our business are complex and subject to frequent change. Failure to comply with the large body of laws and regulations to which we are subject or to successfully develop and implement policies, procedures and practices intended to facilitate compliance with such laws and regulations could have a material and adverse effect on our business and operations. In particular, our business is subject to governmental supervision and regulation by the relevant PRC regulatory authorities. See “Regulatory Overview” for more details. Together, these authorities promulgate and enforce regulations that cover many aspects of our operations, including entry into these industries, the scope of permissible business activities, licenses and permits for various business activities.

In addition, new laws and regulations may be adopted from time to time to require additional licenses and permits other than those we currently have, and to address new issues that arise from time to time. If we are unable to maintain and renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on commercially reasonable terms, our operations could be disrupted.

We engaged third-party logistics service providers to deliver our products. Any delivery delays, improper handling or increase in transportation costs may adversely affect our business, financial condition and results of operations.

We engage with third-party logistic service providers to deliver our products. While we work closely with these third-party logistic service providers, their operations are beyond our direct control, and we cannot guarantee their compliance with our quality standards, delivery schedules or cost expectations.

Delivery delays, whether caused by capacity constraints, labor shortages, extreme weather conditions or other unforeseen events, could disrupt our supply chain, resulting in delayed fulfillment of customer orders. Additionally, logistics providers may mishandle sensitive or high-value shipments, exposing us to risks of theft, loss or damage. Furthermore, the costs of logistics may fluctuate due to factors such as rising fuel prices, transportation related regulatory requirements, or increased demand for logistics services. Any significant increase in such costs could adversely affect our profitability if we are unable to pass these costs on to our customers. In the event of disruptions or failures in third-party logistics services, we may face challenges in identifying and transitioning to alternative providers in a timely and cost-effective manner. This could lead to supply chain interruptions, negatively impacting our ability to meet customer demand and maintain satisfaction. Prolonged disruptions could harm our brand reputation, reduce customer loyalty, and materially and adversely affect our business, financial condition and results of operations.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters in the jurisdictions in which we operate. See “Business — Environmental, Social and Governance (“ESG”).” Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. However, we cannot assure

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you that we will not experience any material accidents or worker injuries in the course of our production process in the future, or that our risk management measures could effectively mitigate the relevant risks. If we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

In addition, our production process produces hazardous wastes and pollutants, such as wastewater. The disposal of hazardous waste and the discharge of pollutants from our production operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expenses. Should the authorities impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

Our business depends substantially on the continuing efforts of our Directors, executive officers and other key personnel. If we lose their services, our business operations and growth prospects may be materially and adversely affected.

Our business depends on the continuing efforts of our Directors and management team to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our Directors or executive officers can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executive officers, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, our future success also depends on our ability to retain existing key personnel. In particular, we rely on our top in-house R&D team to develop our core technologies, products, and our experienced sales and marketing personnel to maintain relationships with our customers and end customers of our products. Competition for personnel in the micro- and nanofabrication technology field is intense, and the availability of suitable and qualified candidates is limited. We compete to attract and retain qualified R&D personnel with other companies in the micro- and nanofabrication industry, universities and research institutions. In order to compete for talent, we may need to offer higher compensation, better training, and more attractive career opportunities, employee share incentive schemes, and other benefits to our employees, which may be costly and time-consuming. If we lose the services of any key senior management member or employee, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely impact our business and prospects. The loss of the services of one or more of our key employees, especially our core R&D personnel and skilled engineers with the appropriate qualifications and experience, or our inability to attract and retain qualified R&D personnel and skilled engineers, could harm our business, financial condition and results of operations.

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We have limited insurance coverage, which could expose us to significant costs and business disruption.

We maintain insurance policies that are required under the laws and administrative regulations of the jurisdiction where we operate as well as based on our assessment of our operational needs and industry practice. However, we face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. Insurance companies in the PRC may not offer comprehensive insurance products that cover all of our business operations. As such, we cannot insure against certain risks related to our assets or business even if we desire to. As of the Latest Practicable Date, we had not obtained any business liability or disruption insurance to cover our operations. See “Business — Insurance” for more details. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurance policies on commercially reasonable terms render these insurance policies impractical for our business. However, any uninsured occurrence of including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured devices or facilities may result in our incurring substantial costs and the diversion of resources, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any catastrophes, including natural disasters, outbreaks of health epidemics and other extraordinary events, could disrupt our business operations.

Our business could be materially and adversely affected by catastrophes, including natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other extraordinary events such as wars, acts of terrorism, environmental accidents, power outages or communication interruptions. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global economy in general.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.

We may from time to time become a party to litigation, arbitration, other legal or contractual disputes, claims, or administrative proceedings relating to our business operations inside and outside the PRC. Litigation and other legal or administrative proceedings that may arise during our operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Litigation and other legal or administrative proceedings may be costly and time-consuming and may require a commitment of management and personnel resources that will be diverted from our normal business operations. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our products, regardless of whether the allegations are valid or whether we are ultimately found liable. If any of these happen, our business, financial condition, results of operations or liquidity could be materially and adversely affected.

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In addition, our Directors, management, shareholders and employees and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations. We or certain of our Directors or officers may be a target for lawsuits, including putative class action lawsuits brought by shareholders and lawsuits against our Directors and officers as a result of their position in other public companies. We cannot assure you that we or our directors or officers will be able to prevail in their defense or reverse any unfavorable judgment on appeal, and we and our Directors or officers may decide to settle lawsuits on unfavorable terms.

Unfavorable outcomes regarding these assessments could have a material adverse effect on our financial statements in any particular reporting period. Results of legal and regulatory proceedings cannot be predicted with certainty and for some matters, such as class actions, no insurance is cost-effectively available. We estimate loss contingencies and establish accruals as required by the applicable accounting standard, based on our assessment of contingencies where liability is deemed probable and reasonably estimable, in light of the facts and circumstances known to us at a particular point in time. Subsequent developments in legal proceedings, volatility in foreign currency exchange rates and other factors may affect our assessment and estimates of the loss contingency recorded and could result in an adverse effect on our results of operations in the period in which a liability would be recognized or cash flows for the period in which amounts would be paid. Actual results may significantly vary from our reserves.

Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties or construction projects may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, we had not completed the registration of two lease agreements in relation to our leased properties in China with the relevant PRC government authorities. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. To this end, the maximum penalty that may be imposed on us for such non-compliance during the Track Record Period would be up to RMB20,000. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition, results of operations and prospects. See “Business — Properties” for details.

In addition, we may from time to time have ongoing construction projects where significant capital has been committed and invested. If any such project fails to meet our technical or quality requirements, faces prolonged delays, or is otherwise discontinued prior to completion, we may be exposed to impairment risks on the related capital expenditures, which could materially adversely affect our financial condition and results of operations. Such construction projects might also be subject to risks including cost overruns, regulatory hurdles, or other process requirements.

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Failure to comply with PRC laws and regulations in relation to social insurance premium and housing provident funds may subject us to penalties and have an adverse impact on our financial conditions and results of operations.

PRC laws and regulations require us to participate in various employee benefit plans, including social insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund. According to the applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and pay social insurance premiums and housing provident fund contributions in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to the maximum amounts specified by the local governments.

During the Track Record Period, we did not fully comply with the rules and regulations in relation to social insurance and housing provident fund, which may subject us to liabilities and/or penalties. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain of our employees as required by relevant laws and regulations. Our social insurance contributions shortfall amounted to approximately RMB4.1 million, RMB6.5 million and RMB10.4 million in 2023, 2024 and 2025, respectfully. During the Track Record Period and up to the Latest Practicable Date, we were not imposed any material administrative penalties as a result of our non-compliance with PRC laws and regulations in relation to social insurance and housing provident fund. Our PRC Legal Advisors are of the view that the likelihood of us being subject to centralized collection of the outstanding historical social insurance and housing provident fund contributions and any material penalties due to the failure to provide such contributions in full amount for our employees is remote, according to the applicable regulatory policies, provided no claims or complaints are filed against us by our employees and no significant changes in existing laws, regulations, policies, or implementation or supervision requirements of the relevant government authorities.

We cannot assure you that the relevant government authorities will not impose new requirements on us according to laws, regulations or local policies published by the relevant government authorities in the future, such as ordering us to make supplemental social insurance and housing provident fund contributions, imposing late fees or fines on us or ordering us to take other measures, any of which may materially and adversely affect our business, financial condition and results of operations.

We are exposed to risks in relation to workplace safety and the occurrence of accidents during the manufacturing process in our manufacturing facilities.

Our operations are subject to risks related to workplace safety, including damage to, or destruction of, production equipment and facilities, or operational accidents, and could also result in personal injury, death, performance delays, monetary losses and legal liability. There can be no assurance that serious accidents or fatalities will not occur in the future. If we fail to prevent serious accidents or fatalities, we will be held liable for damages arising out of or in connection with such incidents or facilities, which could have a material adverse effect on our results of operations, business, financial condition and prospects.

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Any negative publicity with respect to us, the industry in which we operate or our business partners may materially and adversely affect our reputation, business, financial condition and results of operations.

We, our shareholders, Directors, senior management, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees and business partners were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our investors and customers.

Non-compliance on the part of our Directors, employees, our business partners, or other third parties involved in our business could adversely affect our business.

We are exposed to the risk of non-compliance or improper conduct by our Directors, employees, business partners or other third parties. In particular, it is not always possible to identify and deter such misconducts, and the precautions we take to detect and prevent such activities may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. Any actual or alleged illegal or improper activities by our Directors and employees (including our senior management) could subject us to liability or negative publicity, whether or not such activities are directly related to us. Such activities and allegations may also affect our Directors' and employees' ability or willingness to continue to serve our company or dedicate their full time and efforts to our company and negatively affect our brand and reputation, resulting in an adverse effect on our business, financial condition and results of operations.

Our business partners, as well as other third parties who entered into business relationships with us, may also be subject to regulatory penalties or punishments because of their regulatory non-compliance, which may, directly or indirectly, disrupt our business. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner, or at all.

If any governmental investigations, lawsuits or other actions are instituted against us as a result of the actual or alleged illegal or improper activities by our Directors, employees, business partners, or other third parties involved in our business, and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, individual imprisonment, disgorgement of profits, contractual damages, reputational harm, diminished profits and future earnings, which could have a significant impact on our business. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees and divert the attention of management in defending ourselves against any of these claims or investigations.

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Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes, while others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate.

These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats intended to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are influenced by government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations adopted by regulators are inconsistent with those applied by courts in analogous cases. As a result, we may not become aware of our violation of certain policies or rules until sometime after the violation has occurred. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

Operating across multiple jurisdictions also increases our compliance burden and cost base. We must navigate different legal standards, licensing requirements, labor laws, tax regimes, and reporting obligations, often requiring localized legal counsel and compliance infrastructure. These complexities may slow down decision-making, increase operational overhead, and heighten the risk of inadvertent noncompliance. It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

We are listed on the STAR Market and are subject to extensive requirements relating to the supervision of listed companies in the PRC. Failure to comply with such evolving laws and regulations on corporate governance and public disclosure, among other matters, may lead to penalties, disciplinary actions and other negative consequences.

As a publicly traded company in the PRC, we are subject to heightened scrutiny regarding corporate governance and public disclosure relating to supervision of listed companies in the PRC, which may increase both our costs and the risk of non-compliance. For example, we are subject to the

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supervision of the CSRC, which is charged with the protection of investors and the oversight of companies whose securities are publicly traded in the PRC, and to new and evolving regulatory measures under applicable law. Any non-compliance of the applicable requirements may cause us to incur penalties or become subject to other disciplinary actions.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us.

We are a company incorporated under the laws of the PRC and a substantial portion of our business, assets and operations are located in the PRC. In addition, all of our Directors and executive officers reside in the PRC and have assets located in the PRC. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in the PRC, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of the PRC or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people’s court of the PRC or Hong Kong court. The PRC has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the U.S., the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the U.S. for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the U.S. and any of the other jurisdictions mentioned above may be recognized and enforced in the PRC or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between the PRC and the country where the judgment was made.

Fluctuations in exchange rates could have an adverse effect on our business, financial condition and results of operations. Conversion between RMB and other currencies may affect our business and operations, our ability to pay dividends and meet our financial obligations, and the value of your [REDACTED].

During the Track Record Period, a portion of our revenue was derived from overseas jurisdictions and denominated in foreign currencies. Fluctuations in foreign exchange rates against the Renminbi could result in changes in reported revenue and results of operations due to the foreign exchange impact of translating these transactions into Renminbi. Currency fluctuations could decrease revenue and increase our cost of sales. We recorded foreign exchange gains of RMB1.9 million in 2023, and foreign exchange losses of RMB0.3 million and RMB0.7 million 2024 and 2025, respectively.

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The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in the global political and economic conditions and by the PRC’s foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar or other currencies in the future. It is difficult to predict how market forces, international relationships or policies may impact the exchange rate between Renminbi and the U.S. dollar or other currencies in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenue, earnings and financial position, and the value of any dividends we may pay. For example, to the extent that we need to convert U.S. dollars we receive into Renminbi to pay our operating expenses, appreciation of Renminbi against the U.S. dollar could have an adverse effect on the Renminbi amount we could receive from the conversion. Conversely, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings.

There are limited hedging options available to reduce our exposure to exchange rate fluctuations. During the Track Record Period and up to the Latest Practicable Date, we had not engaged in any hedging activities. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. As a result, fluctuations in exchange rates may have a material and adverse effect on your [REDACTED].

Our Company is a PRC tax resident and is subject to PRC tax on its global income, and the dividends payable to investors and gains on the sale of our H Shares by our [REDACTED] are subject to PRC tax.

As a PRC-incorporated company, under applicable PRC tax laws, we are required to pay tax on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20%. For a Non-PRC individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless a reduction is approved by the competent tax authority of the State Council or exempted by an international convention or agreement to which the PRC government is a party. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Non-resident individual H Share holders should be aware that they may be obligated to pay PRC income tax on the dividends and bonus realized from the H Shares.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to the EIT at the rate of 10% on dividends received from Chinese companies and gains realized upon disposition of equity interests in Chinese companies pursuant to the PRC EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Non-PRC resident enterprises that are entitled to be taxed at a reduced

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rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, payment of any such refund will be subject to the PRC tax authorities’ verification. As of the date of this document, there were no specific rules on how to levy tax on gains realized by non-resident enterprise H Share holders through the sale or transfer by other means of the H Shares. If any such tax were to be levied, the value of your [REDACTED] in our H Shares may be materially and adversely affected.

If our risk management and internal control system is not adequate or effective, and if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

Due to the inherent limitations in design and implementation, our risk management policies may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place. See “Business — Internal Control and Risk Management.” Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management also depends on the effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of the Chinese Mainland and Hong Kong.

As we are listed on the STAR Market and will be [REDACTED] on the Main Board in Hong Kong, we will be required to comply with the [REDACTED] rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of [REDACTED] rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the STAR Market. Following the [REDACTED], our A Shares will continue to be traded on the STAR Market and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of PRC, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share and A Share markets have divergent [REDACTED] volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the

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historical prices of our A Shares may not be indicative of the [REDACTED] of our H Shares. You should therefore not place undue reliance on the [REDACTED] history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

There has been no prior [REDACTED] of our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

There was no [REDACTED] for our H Shares prior to the [REDACTED]. There can be no guarantee that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] volume will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, which may not be indicative of the [REDACTED] of our H Shares following the completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution.

The [REDACTED] of our H Shares is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, [REDACTED] of our H Shares in the [REDACTED] will experience a substantial immediate dilution. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors’ claims. To expand our business, we may consider offering and issuing additional H Shares in the future. [REDACTED] of the H Shares may experience dilution in the net tangible asset value per Share of their H Shares if we issue additional H Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [REDACTED] price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in the Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the [REDACTED] of and [REDACTED] volumes for our H Shares. A number of the Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The share price of some of these companies has experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment toward the Chinese Mainland-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These factors may significantly affect the [REDACTED] and [REDACTED] of our Shares, regardless of our actual operating performance.

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Future sales or perceived sales of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The [REDACTED] of our H Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our H Shares in the [REDACTED], the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. We protect our Shareholders’ interest by ensuring a consistent dividend policy. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of the Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under IFRS Accounting Standards. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders’ meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of the Chinese Mainland. See “Financial Information — Dividends and Dividend Policy” for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of the Chinese Mainland, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the Chinese Mainland to pay capital expenses such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the Chinese Mainland.

RISK FACTORS

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the STAR Market.

As our A Shares are listed on the STAR Market, we have been subject to periodic reporting and other information disclosure requirements in PRC. As a result, from time to time, we publicly release information relating to us on the STAR Market or other media outlets designated by the CSRC. However, the information announced by us in connection with the A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in the Chinese Mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the STAR Market or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in the H Shares should be reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] the H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [REDACTED] the H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us, our H Shares or the [REDACTED].

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our Shares and the [REDACTED]. Prior to the publication of this document, there may be press and media coverage regarding the [REDACTED] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our investors should not rely on such information.

The information in this document derived from official government sources has not been independently verified.

Certain facts, forecast and other statistics in this document are derived from various government and official resources. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.

RISK FACTORS

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise.

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In preparation for the [REDACTED], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

In addition, the Guide for New Listing Applicants provides that the listing applicant should normally have the following arrangements for maintaining regular communication with the Stock Exchange for the purpose of its granting waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules: (a) the authorized representatives of the listing applicant will act as the principal channel of communication with the Stock Exchange; (b) the authorized representatives of the listing applicant should have means for contacting all its directors promptly at all times as and when the Stock Exchange wishes to contact the directors on any matters; (c) each director of the listing applicant who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; (d) the compliance advisor of the listing applicant will act as an additional channel of communication with the Stock Exchange; and (e) each director of the listing applicant will provide their respective mobile phone numbers, office phone numbers, email addresses and fax numbers to the Stock Exchange.

Since substantially all of the business operations of our Group are managed and conducted outside of Hong Kong, and all of our executive Directors ordinarily reside in the PRC, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Listing Rules. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company and the Shareholders as a whole. Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules subject to the following conditions to maintain regular and effective communication between the Stock Exchange and us:

- (a) we have appointed Mr. Luo Xingshun (駱興順), one of our executive Directors, and Ms. Chan Ching Nga (陳靜雅) (“**Ms. Chan**”), one of our joint company secretaries who ordinarily resides in Hong Kong, as our authorized representatives (the “**Authorized Representatives**”) for the purposes of Rule 3.05 of the Listing Rules to serve as our principal channel of communication with the Stock Exchange. We have provided the Stock Exchange with their contact details, and they will be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;
- (b) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our Authorized Representatives will have means to contact all of our Directors promptly at all times. We will implement measures such that (i) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to our Authorized Representatives and the Stock Exchange; and (ii) in the event that a Director expects to travel or otherwise be out of office, he or she will provide the phone number of

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the place of his or her accommodation to our Authorized Representatives. We have provided the Stock Exchange with the contact details of each Director to facilitate communication with the Stock Exchange;

- (c) each Director who is not an ordinary resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time, if required;
- (d) we have appointed Sunny Fortune Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional and alternative channel of communication with the Stock Exchange during the period from the [REDACTED] to the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the [REDACTED], and its representative(s) will be fully available to answer enquiries from the Stock Exchange. The compliance advisor will advise our Company on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [REDACTED], and will have access at all times to our Authorized Representatives, our Directors and the other senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company; and
- (e) any meeting between the Stock Exchange and our Directors will be arranged through our Authorized Representatives or compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our Authorized Representatives and compliance advisor.

APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

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- (d) professional qualifications in other jurisdictions.

In addition, the Guide for New Listing Applicants provides that the waiver from strict compliance with Rule 3.28 of the Listing Rules, if granted, will be for a fixed period of time and on the following conditions: (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (b) the waiver will be revoked if there are material breaches of the Listing Rules by the Company.

We appointed Mr. Zhao Chuan (趙川) (“**Mr. Zhao**”) as one of our joint company secretaries on September 1, 2025 with effect from the [REDACTED]. Mr. Zhao joined our Group in June 2020 as the representative of securities affairs and has been the Board secretary since August 2021. He has accumulated abundant knowledge about the business operations and governance of corporations with a strong recognition of the corporate culture of our Group. By virtue of his position and familiarity with our Group, Mr. Zhao has worked closely with our Directors and thus possessed a thorough understanding of matters concerning the Board and its operations. As such, our Directors believe that Mr. Zhao is a suitable person to act as the company secretary of our Company.

However, Mr. Zhao does not possess the specified qualifications strictly required by Rule 3.28 and Rule 8.17 of the Listing Rules. As a result, we have appointed Ms. Chan, who meets the requirements under Rule 3.28 and Rule 8.17 of the Listing Rules, to act as the other joint company secretary effective upon [REDACTED]. For details of Mr. Zhao’s and Ms. Chan’s biographies, see “Directors and Senior Management.”

Over the initial period of three years from the [REDACTED], we will implement the following measures to assist Mr. Zhao to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

- (a) Ms. Chan will assist Mr. Zhao so as to enable him to discharge his duties and responsibilities as a joint company secretary of our Company. Given Ms. Chan’s relevant experiences, he will be able to advise both Mr. Zhao and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;
- (b) Mr. Zhao will be assisted by Ms. Chan for an initial period of three years commencing from the [REDACTED], which should be sufficient for him to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;
- (c) we will ensure that Mr. Zhao has access to the relevant trainings and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of a Hong Kong [REDACTED] company, and Mr. Zhao has undertaken to attend such trainings;
- (d) Ms. Chan will communicate with Mr. Zhao on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Chan will work closely with, and provide assistance to Mr. Zhao with a view to discharging his duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders’ meetings; and
- (e) pursuant to Rule 3.29 of the Listing Rules, Mr. Zhao will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize himself with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Mr. Zhao and Ms. Chan will be advised by our legal advisors as to Hong Kong law and our compliance advisor as and when appropriate and required.

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Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the [REDACTED], in accordance with the Guide for New Listing Applicants published by the Stock Exchange, on the conditions that (i) Ms. Chan is engaged as a joint company secretary and provides assistance to Mr. Zhao during this period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the initial three-year period, we will conduct a further evaluation of the qualification and experience of Mr. Zhao to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will liaise with the Stock Exchange to assess whether Mr. Zhao, having had the benefit of Ms. Chan’s assistance for three years, would have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and there is no need to further apply for a waiver.

[REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. LUO Xingshun (駱興順)	Room 602, Building 1 Eslite Cultural and Creative Plaza No. 8, Yue Lang Street Suzhou Industrial Park Suzhou, Jiangsu Province PRC	Chinese
Mr. LIU Zhiwei (劉志巍)	Room 402, Building 10 No. 133, Nanshi Street Suzhou Industrial Park Suzhou, Jiangsu Province PRC	Chinese
Mr. QIAN Xiaochen (錢曉晨)	Room 707, Building 2 No. 81, Jinshan East Road Huqiu District Suzhou, Jiangsu Province PRC	Chinese
<i>Non-executive Director</i>		
Mr. MA Hongwei (馬洪偉)	Room 46–103, No. 69, Qiongji Road Suzhou Industrial Park Suzhou, Jiangsu Province PRC	Chinese
<i>Independent non-executive Directors</i>		
Dr. XU Yan (徐岩)	Flat A, 4/F, Block 16 Senior Staff Quarters The Hong Kong University of Science and Technology 1 University Road Sai Kung, New Territories Hong Kong	Chinese (Hong Kong)
Dr. QI Xiaoyan (戚嘯艷)	Room 303, Unit 2 No. 18 Hongmiao Xuanwu District Nanjing, Jiangsu Province PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Dr. JIANG Yan (蔣琰)	Room 502, Unit 1, Building 3 Huilin Lvzhou Yilinyuan No. 19, Heilongjiang Road Gulou District Nanjing, Jiangsu Province PRC	Chinese

For further information regarding our Directors, see “Directors and Senior Management.”

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

Guotai Junan Capital Limited

26/F-28/F, Low Block
Grand Millennium Plaza
181 Queen’s Road Central
Hong Kong

China Securities (International) Corporate Finance Company Limited

18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

[REDACTED]

Legal Advisors to our Company

As to Hong Kong laws

Tian Yuan Law Firm LLP

Suites 3304–3309, 33/F
Jardine House
One Connaught Place
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC laws

C&T Partners

4/F, Building C

Jiangdao Intelligent Cube

Xiankun Road, Jianye District

Nanjing, Jiangsu Province

PRC

As to PRC laws in respect of data compliance

Beijing Jingtian & Gongcheng Law Firm

34/F, Tower 3, China Central Place

77 Jianguo Road

Beijing

PRC

As to International Sanction Law

Commerce & Finance Law Offices LLP

45 Rockefeller Plaza, Suite 2000

New York, NY 10111

**Legal Advisors to the Joint Sponsors and
[REDACTED]**

As to Hong Kong laws

Jun He Law Offices

7/F, AIA Central

1 Connaught Road Central

Central

Hong Kong

As to PRC laws

AllBright Law Offices

9, 11, 12/F, Shanghai Tower

No. 501 Yincheng Middle Road

Pudong New Area

Shanghai

PRC

Auditor and Reporting Accountants

Ernst & Young

Certified Public Accountants

*Registered Public Interest Entity Auditor under the
Accounting and Financial Reporting Council*

Ordinance

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Suite 2504
Wheelock Square
1717 Nanjing West Road
Jing'an District
Shanghai
PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 80, Emeishan Road Gaoxin District Suzhou, Jiangsu Province PRC
Headquarters and Principal Place of Business in the PRC	No. 80, Emeishan Road Gaoxin District Suzhou, Jiangsu Province PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Company’s Website	<u>www.uigreen.com</u> <i>(the information contained on the website does not form part of this document)</i>
Joint Company Secretaries	Mr. ZHAO Chuan (趙川) Room 301, Unit 1, Building 46 No. 9, Wangjiafu Street Huqiu District Suzhou, Jiangsu Province PRC Ms. Chan Ching Nga (陳靜雅) 46/F, Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Authorized Representatives	Mr. LUO Xingshun (駱興順) Room 602, Building 1 Eslite Cultural and Creative Plaza No. 8, Yue Lang Street Suzhou Industrial Park Suzhou, Jiangsu Province PRC Ms. Chan Ching Nga (陳靜雅) 46/F, Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Audit Committee	Dr. QI Xiaoyan (戚嘯艷) (<i>Chairperson</i>) Dr. JIANG Yan (蔣琰) Mr. MA Hongwei (馬洪偉)

CORPORATE INFORMATION

Nomination Committee	Dr. JIANG Yan (蔣琰) (<i>Chairperson</i>) Dr. XU Yan (徐岩) Mr. LUO Xingshun (駱興順)
Remuneration and Appraisal Committee	Dr. XU Yan (徐岩) (<i>Chairperson</i>) Dr. QI Xiaoyan (戚嘯艷) Mr. LUO Xingshun (駱興順)
Strategy and ESG Committee	Mr. LUO Xingshun (駱興順) (<i>Chairperson</i>) Mr. LIU Zhiwei (劉志巍) Dr. QI Xiaoyan (戚嘯艷)
Compliance Advisor	Sunny Fortune Capital Limited 2101 Chinachem Century Tower 178 Gloucester Road Wan Chai Hong Kong

[REDACTED]

Principal Banks	Bank of China, Suzhou Industrial Park Branch Zhongyin Huilong Building No. 8 Suzhou Avenue West Suzhou Industrial Park Suzhou, Jiangsu Province PRC Bank of Suzhou, Shengpu Sub-branch Room 102, 202, Building 199-1 No. 21 Xincheng Road Shengpu Town Suzhou Industrial Park Suzhou, Jiangsu Province PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

OVERVIEW OF GLOBAL AND CHINA MICRO- AND NANOFABRICATION MARKET

Introduction of Micro- and Nanofabrication Market

Micro- and Nanofabrication refers to the use of advanced precision equipment and technical processes to produce high-accuracy, high-complexity, and miniaturized functional components and systems at micro- and nanoscale. Microfabrication means the use of manufacturing processes such as lithography, deposition, etching, bonding and assembly to produce devices and structures with characteristic feature sizes of approximately 101 to 1,000 micrometers. Nanofabrication means the use of manufacturing processes to create and control structures with characteristic feature sizes of approximately 1 to 100 nanometers. Micro- and nanofabrication means the use of such processes across both scales to produce devices and structures with characteristic feature sizes of approximately 1 nanometer to 1,000 micrometers.

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 projected to grow to RMB7,755.3 billion by 2030, representing a CAGR of 8.1% from 2026 to 2030. 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 expand to RMB37.2 billion by 2030, with a CAGR of 6.0% from 2026 to 2030.

In addition to the semiconductor test consumables market, the Micro-Electro-Mechanical Systems (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 projected to grow to RMB170.9 billion by 2030, representing a CAGR of 6.7% from 2026 to 2030. 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- and nanofabrication capabilities.

Drivers and Trends of Global and China Micro- and Nanofabrication Market

- **Rising Demand and Technology Upgrades:** Growing downstream demand from semiconductors, consumer electronics, IoT and AI, coupled with accelerated technology iteration, drives the development of the global micro- and nanofabrication industry and raises requirements for high-precision, large-scale manufacturing capabilities.

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- **Policy Support and Strategic Initiatives:** Policies such as the 14th Five-Year Plan for High-Quality Manufacturing Development (《“十四五”製造業高質量發展規劃》), along with initiatives like the U.S. NNI and EU Chips Act, support R&D and industrialization, promoting industry growth and supply chain development.

Entry Barriers of Global and China Micro- and Nanofabrication Market

The industry presents high entry barriers due to technological complexity, scale requirements, customer qualification and capital intensity.

- **Technological and Manufacturing Barriers:** Micro- and nanoscale production requires advanced processing, precision assembly and stable high-yield control. Consistent quality at scale depends on strong process capabilities and manufacturing experience, forming significant barriers.
- **Customer Qualification and Resource Barriers:** Downstream sectors such as semiconductors and automotive electronics require strict certification and long testing cycles. High switching costs create strong customer stickiness, making it difficult for new entrants to access supply chains.

Fluctuations in Global and China Micro- and Nanofabrication

During the Track Record Period, the micro- and nanofabrication industry experienced volatility, mainly due to semiconductor cyclicalities and raw material price fluctuations. In 2023, post-pandemic demand adjustment led the global semiconductor market to decline from USD574.1 billion in 2022 to USD527.0 billion, before bouncing back to USD627.6 billion in 2024. Downstream inventory reduction weakened demand for FT probes, while prior capacity expansion intensified competition and margin pressure. With semiconductor recovery and AI-driven demand, the market rebounded in 2024 and 2025. Meanwhile, rising copper prices over recent years added cost pressure and profitability fluctuations.

Challenges in the Global and China Micro- and Nanofabrication Market:

- **Low Localization Rate of High-End Equipment and Materials:** China remains reliant on imports for core equipment and materials such as lithography and etching systems. Domestic products still lag in precision, stability and reliability, constraining high-end manufacturing and value-added capability.
- **High Investment Intensity and Market Volatility:** Micro-nano fabrication requires continuous capital investment in equipment and R&D. Cyclical downstream demand and rising competition lead to unstable capacity utilization and profitability pressure, challenging sustained investment and innovation.

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OVERVIEW OF GLOBAL AND CHINA MEMS MICRO- AND NANOFABRICATION COMPONENTS MARKET

Introduction of MEMS Micro- and Nanofabrication Components Market

MEMS micro- and nanofabrication components are the foundational structural elements of MEMS systems, which integrate microscale mechanical and electronic parts to achieve high-precision sensing, actuation and energy conversion. Characterized by miniaturization, high integration, intelligence and low power consumption, MEMS devices are widely applied in consumer electronics, automotive and IoT sectors. Key components include shielding covers, micro-mechanical structures and micro connectors, supporting core MEMS devices such as acoustic, pressure and optical sensors as well as various actuators.

The production of MEMS micro- and nanofabrication components involves ultra-precise micro- and nanoscale processing, resulting in high technical, mass production, capital and certification barriers. Driven by strong demand from next-generation consumer electronics, automotive electronics and IoT applications worldwide and in China, the market has evolved from simple low-precision components toward intelligent, highly integrated and high-precision solutions, supporting robust industry expansion.

Market Size of Global and China MEMS Micro- and Nanofabrication Components

The global MEMS micro- and nanofabrication components market primarily includes key segments such as acoustic modules, optical modules, pressure sensors, inertial sensors, and other components. In recent years, global MEMS micro- and nanofabrication components market has experienced rapid expansion, with a CAGR of 6.4% from 2021 to 2025. In 2025, the global MEMS micro- and nanofabrication components market achieved RMB7.5 billion in revenue. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 6.7% from 2026 to 2030. In the segmented market, acoustic modules MEMS micro- and nanofabrication components demonstrated the highest growth rate due to strong downstream demand, achieving a remarkable CAGR of 7.3% from 2021 to 2025. MEMS acoustic module primarily consists of microphone module and miniature speaker module. Currently, miniature speaker parts account for a relatively small market share. However, with the commercialization of embodied AI technologies, this segment is poised for exponential growth, emerging as a key driver for the expansion of the MEMS acoustic module micro- and nanofabrication components market. In 2025, the global MEMS acoustic module micro- and nanofabrication components market achieved RMB1.1 billion in revenue. The market is projected to maintain steady growth with an estimated CAGR of 8.7% during the 2026-2030 period.

Driven by the strong policy support for China’s MEMS and micro-nano manufacturing industries, the accelerated localization of the MEMS industrial chain, and the growing demand from emerging fields, the China MEMS micro- and nanofabrication components market size expanded from RMB518.4 million in 2021 to RMB816.6 million in 2025, with a CAGR of 12.1% from 2021 to 2025. Supported by the increasing demand for high-precision MEMS components in emerging fields such as domestic smart cars and IoT terminals, and the accelerated localization of MEMS industrial chains, the market size is expected to grow from RMB920.4 million in 2026 to RMB1,542.0 million in 2030, with a CAGR of 13.7% from 2026 to 2030.

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The global market for MEMS micro- and nanofabrication components is composed of distinct segments. Each segment is characterized by its unique technical principles and downstream applications, as illustrated in the table below.

Sub-segment	Acoustic Modules	Optical Module	Pressure Sensors	Inertial Sensors
Technical Principle Differences	Based on the piezoelectric or capacitive effect generated by the vibration of micro-diaphragms, it converts sound signals into electrical signals. The core lies in the effective conversion and transmission of sound signals.	Based on the photoelectric effect triggered by optical signals, it converts optical signals into electrical signals. The core lies in the precise processing of light reception, reflection, or refraction.	Based on the piezoresistive or capacitive changes under pressure, it converts physical pressure into electrical signals. The core lies in the precise quantitative conversion of physical pressure.	Based on the signal changes generated by inertial forces acting on gyroscopes or accelerometers, it converts motion states into electrical signals. The core lies in the precise perception of an object's motion state.
Differences in Downstream Application Scenarios	Focusing on scenarios related to sound interaction and collection, it is mainly applied in products that need to process sound signals, such as mobile phone microphones, TWS earbuds, and smart speakers.	Focusing on scenarios related to vision and optical detection, it is mainly applied in automotive lidar for distance measurement, AR/VR devices for imaging effects, and industrial optical detection instruments.	Focusing on scenarios related to pressure monitoring, it is mainly applied in products that require real-time pressure monitoring, such as automotive tire pressure monitoring systems, industrial pipeline pressure control equipment, and medical sphygmomanometers.	Focusing on scenarios related to motion and positioning, it is mainly applied in satellite attitude control, vehicle stability systems, high-precision positioning for autonomous driving, and motion trajectory correction for industrial robots.
Leading Players in This Field	Knowles Electronics	AMS-OSRAM	WiKA	Anhui XDLK Microsystem

A clear strategic divide exists between industry leaders and other market players. Leading enterprises rely on mature technologies, extensive customer networks and strong financial strength to operate across multiple sensor categories (acoustic, optical, pressure, inertial, etc.). By contrast, smaller players are constrained and tend to focus on a single sub-segment.

This divergence reflects two core barriers. First, customer groups vary significantly across sensor types, requiring costly new channel development for cross-segment expansion. Second, technologies and R&D paths differ substantially across categories, demanding heavy, independent investment in R&D and production equipment. Diversified strategies are thus difficult for enterprises with limited resources.

Accordingly, a precise competitive analysis should focus on individual sub-segments, where firms compete on comparable technology, customer and scale dimensions.

Competitive landscape of Global MEMS Acoustic Module Micro- and Nanofabrication Components Market

The top five players of the global MEMS acoustic module micro- and nanofabrication components market in 2025 was 66.2%. In terms of revenue, the Company ranked second with a market share of 12.4% in 2025.

Drivers and Trends of Global and China MEMS Micro- and Nanofabrication Components Market

- **Diversified End-Use Applications:** Robust demand from consumer electronics, automotive, medical and intelligent devices, together with advancements in AI and IoT, drives market expansion. Emerging use cases such as smart home acoustic sensors further unlock new growth opportunities.;
- **Technology Evolution:** Industry trends toward intelligent signal processing, multi-sensor integration, and nanometer-scale precision, are fueled by semiconductor process breakthroughs and supply chain collaboration, and elevate MEMS performance and application potential;

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- **Overseas Procurement Growth:** Chinese manufacturers have achieved technological parity with international peers in key segments such as acoustic and pressure sensors. Amid global supply chain restructuring and ongoing cost optimization, international downstream customers have increasingly adopted high-quality components produced in China.

Entry barriers of Global and China MEMS Micro- and Nanofabrication Components Market

- **Technical Barriers & Localization Gaps:** Limited domestic substitution of core processes and equipment (such as lithography, etching and wafer-level packaging) restricts industrial breakthroughs. Domestic alternatives lag behind in precision, stability and integration capabilities, which hinders the yield and performance of high-end MEMS sensors and slows the pace of localization and industrial upgrading.
- **Insufficient Industrial Chain Synergy:** Weak collaboration between upstream material and equipment suppliers and downstream design and application enterprises, together with fragmentation in individual production links, has prolonged product iteration cycles and reduced responsiveness to rapidly changing market demands.

COMPARISON OF MICRO-AND NANOFABRICATION MANUFACTURING TECHNOLOGIES

Our Company utilizes a stamping-based process to produce its MEMS components and a laser-based fabrication process for its semiconductor probes. The table below compares these technologies with conventional machining and electroplating methods.

Technologies Name	Advantages	Disadvantages
Stamping-based Process	Extremely high mass production efficiency, suitable for large-scale standardized production. Low unit processing cost and good process stability, which is in line with the manufacturing of large-scale and standardized products.	High initial mold investment and low process flexibility. Once the product design is changed, the cost of mold adjustment or replacement is high and the cycle is long.
Conventional Machining Process	Extremely high flexibility, suitable for complex prototype production, small-batch customization, and scenarios with a wide range of material applicability. Low entry cost for equipment.	Low production efficiency, high unit cost, and difficulties in achieving large-scale and consistent control of yield and precision.
Laser-based Fabrication Process	No physical contact is required, complex geometric shapes can be processed, the yield is high, and digital control enables rapid switching of production tasks.	High equipment investment, challenges in processing specific high-reflectivity materials, and professional technical support is required for operation and maintenance.
Conventional Electroplating Process	It can form a uniform and dense coating on the surface of the substrate, improving the wear resistance, corrosion resistance, and electrical conductivity of the product.	There are environmental risks and high treatment costs; it is difficult to precisely control the uniformity of the coating thickness

OVERVIEW OF GLOBAL AND CHINA SEMICONDUCTOR TEST PROBE MARKET

Introduction of Semiconductor Test Probe Market

Semiconductor testing primarily consists of three key phases: design verification during chip development, wafer-level testing through Chip Probing (CP), and post-packaging testing via Final Test (FT). Test probes serve as critical consumables across all testing stages, forming electrical connections

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between test equipment and chips to evaluate performance. By analyzing test data, engineers identify failure causes to optimize design, production, and packaging processes, ultimately improving yield rates and product quality. Both global and China semiconductor test probe markets demonstrate strong growth momentum, with sustained expansion expected in coming years.

Market Size of Global and China Semiconductor Test Probe

In recent years, the global semiconductor test probe market has exhibited cyclical growth patterns, primarily influenced by the semiconductor industry’s inherent volatility, recording a CAGR of 3.1% from 2021 to 2025. In 2025, the global semiconductor test probe market achieved RMB12.1 billion in revenue. Looking ahead, the market is projected to maintain strong growth momentum, with an estimated CAGR of 6.6% from 2026 to 2030. Within the segmented markets, the FT probe sector has shown particularly strong growth momentum. This acceleration is primarily attributed to two key factors: the substantial increase in GPU shipments driven by surging AI computing demands, which has significantly boosted FT probe requirements; and the enhanced testing needs resulting from advanced packaging technologies, leading to a marked rise in probe utilization. As a result, the FT probe market recorded a CAGR of 3.5% from 2021 to 2025, and is projected to maintain steady growth with an estimated CAGR of 7.5% during the 2026-2030 period.

Driven by policy backing for semiconductor self-sufficiency, rapid capacity expansion of domestic wafer fabs, robust demand from AI chips and automotive semiconductors, and accelerated import substitution of high-performance final test probes, the China FT probe market grew from RMB600.6 million in 2021 to RMB798.0 million in 2025, achieving a CAGR of 7.5% from 2021 to 2025. Going forward, supported by escalating test requirements for advanced packaging and high-computing chips, the market is projected to rise from RMB910.8 million in 2026 to RMB1.384 billion in 2030, with a CAGR of 11.0% over 2026–2030.

Competitive Landscape of the Global Semiconductor Test Probe Market

The top five players of the global Semiconductor Test Probe Market in 2025 was 33.8%. In terms of revenue, the Company ranked ninth with a market share of 2.1% in 2025.

Competitive landscape of Global Semiconductor FT Probe Market

The top five players in the global semiconductor FT probe market accounted for an aggregate market share of 42.9% in 2025. In terms of revenue, our Company ranked fourth with a market share of 6.6% in 2025.

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Drivers and Trends of Global and China Semiconductor Test Probe Market

- **Downstream Demand Growth:** Expansion in AI, computing power, IoT and new energy vehicles has driven the growth of the semiconductor industry. As critical testing consumables, test probes benefit from the long-term upward trend in testing demand, supporting sustained market expansion.
- **Tech Advancements Boost Testing Needs:** Shrinking process nodes (to 3nm and beyond), the adoption of Chiplet architectures, as well as 3D and heterogeneous packaging have increased chip complexity, multiplying test steps, test points and probe usage, thereby driving stronger demand for advanced probe technologies.
- **Shift to High-Performance, Intelligent and Automated Solutions:** Test probes are evolving toward higher frequency, precision and durability. The integration of AI and big data enables adaptive intelligent testing, while fully automatic probe stations have become standard configurations to improve testing efficiency and satisfy mass production requirements.

Challenges in the Global and China Semiconductor FT Probe Market

- **Accelerated Testing Tech Iteration & Rising R&D Costs:** Rapid process iteration toward 3nm/2nm advanced nodes has raised performance requirements for FT probes, necessitating sustained heavy investment in R&D and equipment, and further elevating industry entry barriers.
- **Specialized Material Dependence & Cost Volatility:** FT probes rely on high-purity alloys and specialized insulating materials with concentrated supply chains. Fluctuations in material prices and supply stability may exert impacts on production costs and overall profitability.
- **Post-Pandemic Lag & Market Volatility:** Post-pandemic lag effects in 2023 led to semiconductor demand adjustments; downstream manufacturers reduced procurement of FT probes, resulting in slower demand growth. Meanwhile, capacity expansions during the pandemic led to elevated inventory digestion pressure and intensified industry competition.

Entry Barriers in the Global Semiconductor FT Probe Market

The semiconductor FT probe industry has high entry barriers, mainly in technical complexity, customer certification and capital intensity.

- **Technical and Manufacturing Barriers:** FT probe R&D and production demand high precision, process stability and interdisciplinary expertise. Accumulated experience in design, quality and process control creates high thresholds for new entrants to reach required yield, reliability and consistency.
- **Customer Qualification and Resource Barriers:** High-end downstream customers apply strict supplier qualification and long-cycle reliability testing. High switching costs lead to strong customer loyalty, making it difficult for new players to obtain certification and enter the supply chain.

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OVERVIEW OF GLOBAL AND CHINA MINIATURE TRANSMISSION SYSTEM IN SWEEPING ROBOT MARKET

Definition and Current Status of Miniature Transmission Systems

Miniature transmission systems are precision mechanical assemblies that enable power transmission and motion conversion in compact spaces. Comprising core components such as micro motors and gears, along with housings, brackets, and bearings, these systems prioritize motion control, speed regulation, direction adjustment, and precision over sheer power output.

Miniature transmission systems are widely applied in robotics, serving as core components for precision power delivery and motion control. In sweeping robots, they enable accurate movement, obstacle navigation, and cleaning path planning. With the rising penetration of smart cleaning devices, demand for compact, efficient, and low-noise transmission solutions has accelerated. Domestic manufacturers are advancing high-precision reducers and gear modules tailored for sweeping robots, supporting performance upgrades and integration with intelligent navigation technologies such as AI and IoT.

Overview of Service Robots

Robots are programmable, autonomous systems designed to perform tasks. They can be classified into industrial robots, service robots, special-purpose robots and other types. Service robots support daily activities across various scenarios and include public and personal/household types, with sweeping robots falling into the latter category.

Overview of Micro Transmission Systems in Service Robots

Micro transmission systems are precision mechanical components that enable power transmission and motion control in service robots with sweeping robots representing a key application segment. Widely applied in locomotion, navigation and actuation, they support compact design, high efficiency, low noise and durability.

Market Size of Global and China Miniature Transmission Systems in Service Robot Market

The global robotics market has maintained strong growth momentum, driven by increasing automation demand, AI integration, and industrial upgrading across major economies. China remains the world’s largest and fastest-growing robotics market, expanding from RMB4.6 billion in 2021 to RMB10.8 billion in 2025 with a CAGR of 23.5%, and expected to increase to RMB33.8 billion in 2030, achieving a CAGR of 25.9%. The global market expanded from RMB15.1 billion in 2021 to RMB31.8 billion in 2025, representing a CAGR of 20.4% during 2021–2025, and is projected to rise to RMB75.7 billion in 2030, reflecting an accelerated CAGR of 19.1% for 2026–2030.

Competitive Landscape of China Miniature Transmission Systems in Service Robot Industry

The China Miniature Transmission Systems in Service Robot Industry market is relatively fragmented. In terms of revenue, the top five players take the 23.7% market share, and the company ranked eighth with market share of 1.7% in 2025.

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Market Size of Global and China Miniature Transmission Systems in Sweeping Robot Market

The global miniature transmission systems in sweeping robot market has experienced steady growth, supported by rising adoption of smart home cleaning solutions worldwide. According to Frost & Sullivan, the global miniature transmission systems in sweeping robot market grew from RMB6.9 billion in 2021 to RMB10.7 billion in 2025, representing a CAGR of 11.6% during 2021–2025, and is projected to rise to RMB23.1 billion in 2030, with an accelerated CAGR of 17.0% for 2026–2030. China accounted for a significant share of the global market, expanding from RMB1.7 billion in 2021 to RMB2.7 billion in 2025, with a CAGR of 12.0%, and is expected to grow to RMB6.5 billion in 2030, reflecting a CAGR of 19.2% over the same period.

Competitive Landscape of China Miniature Transmission Systems in Sweeping Robot Industry

The China miniature transmission systems market for sweeping robots is relatively concentrated, and the top five players in 2025 was 61.1%. In terms of revenue, the company ranked fourth with market share of 6.8% in 2025.

Drivers and Trends of China Miniature Transmission Systems in Sweeping Robot Industry

- **Growing Demand from Downstream Applications:** Growth in smart home appliances and service robotics is driving demand for miniature transmission systems in sweeping robots. Rising household penetration and improving performance are accelerating adoption of compact, high-precision modules.
- **Policy Support Driving Industry Growth:** Policies such as The Development Plan for Intelligent Manufacturing (2021–2025) (《智能製造發展規劃(2021-2025年)》) promote advanced manufacturing in home appliances and support innovation in miniature transmission systems, while local incentives strengthen the domestic supply chain.
- **Advancement towards Intelligent and Automated Systems:** Miniature transmission systems are advancing towards greater intelligence and automation, with AI and sensor integration enabling adaptive navigation and driving demand for high-precision solutions.

Challenges in China’s Miniature Transmission System Industry

- *Dependence on Imports for Core Technologies:* The industry still relies on overseas players for key technologies such as precision gear design and durability optimization. Domestic products, despite rapid progress, lag in torque density, noise control and reliability, constraining upgrading and localization.
- *Difficulties in Balancing Cost and Quality:* Price-sensitive downstream demand contrasts with the high cost of precision manufacturing. Cost reduction may affect yield and reliability, while higher quality increases pricing pressure, making cost-performance balance a key challenge.

Entry Barriers in China’s Miniature Transmission System Industry

China’s miniature transmission system industry presents relatively high entry barriers, driven by technological complexity, scale requirements, and customer certification.

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- Achieving high torque density, low noise and long service life requires advanced capabilities in precision gear design, micro-processing and high-reliability assembly. Stable large-scale production further depends on mature process control and manufacturing experience, forming significant technical barriers.
- *Cost and Economies-of-Scale Barriers:* Price sensitivity in downstream consumer robots necessitates cost competitiveness. Manufacturers rely on scale and supply-chain optimization to reduce costs, making it difficult for new entrants to match established players before reaching sufficient scale.

HISTORICAL PRICE TRENDS OF MAJOR RAW MATERIAL

Prices of major metal raw materials have shown notable fluctuations over the past five years. In general, most metals experienced an increase during the post-pandemic recovery period and then partially corrected as supply recovered and downstream demand normalized. Looking ahead, prices of these raw materials are expected to move within a relatively narrow range.

- **Copper:** Global copper prices rose significantly during 2020–2021, driven by a rapid post-pandemic recovery in industrial and infrastructure demand, accelerated electrification-related applications, supply disruptions in major producing countries, and low inventory levels amid highly accommodative global liquidity conditions. After that step-up, copper prices generally stayed at a relatively elevated level through 2021–2023. Copper prices continued to rise in 2024 and 2025, primarily driven by improving demand expectations, supply constraints and growing energy transition demand, and are expected to increase moderately going forward. The price of copper from 2021 to 2025 was RMB60,104.7, RMB59,409.8, RMB60,122.2, RMB65,783.8, and RMB71,049.6 per tonne, respectively.
- **Stainless steel (hot rolled stainless steel of grade 304):** Stainless steel prices were broadly stable initially, then rose with the post-pandemic recovery in manufacturing and durable goods demand, before easing as industrial growth moderated and downstream sectors destocked; although raw material prices fluctuated, stainless steel prices increased in 2025, driven by multi-factor cost structures, supply-side adjustments and recovering downstream demand. The price of stainless steel from 2021 to 2025 was RMB13,611.2, RMB19,379.5, RMB18,757.3, RMB14,362.6, and RMB18,609.6 per tonne, respectively. Stainless steel prices are expected to remain broadly range-bound, with weak traditional demand offset by resilient growth in new energy and high-end applications.
- **Nickel (primary nickel):** Nickel prices increased in 2021, supported by post-pandemic recovery and strong demand from stainless steel and battery materials, before declining from 2022 to 2025 due to large-scale capacity expansions in major producing regions and slower demand growth. The price of primary nickel from 2021 to 2025 was RMB119,127.3, RMB174,060.8, RMB152,442.4, RMB121,002.7, and RMB108,962.4 per tonne, respectively. Looking forward, prices are expected to remain under near-term pressure amid ample supply, with gradual stabilization as higher-cost capacity is phased out and market balance improves.
- **Iron ore:** Iron ore prices declined from 2021 to 2022 amid easing post-pandemic steel demand and policy-driven output controls, remained relatively stable from 2022 to 2024 as supply and demand reached a more balanced level, and fell again from 2024 to 2025 due to

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weaker property-related demand and ample seaborne supply. The price of iron ore from 2021 to 2025 was RMB1,020.3, RMB812.2, RMB851.9, RMB799.3, and RMB733.2 per tonne, respectively. Going forward, prices are expected to remain broadly stable to slightly soft, supported by moderate steel demand and sufficient global supply.

SOURCE OF INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the global and China’s micro- and nanofabrication markets. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the U.S. Services provided by Frost & Sullivan include market assessments, competitive benchmarking and strategic and market planning for a variety of industries. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the micro- and nanofabrication market for potential [REDACTED]. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. We have agreed to pay Frost & Sullivan a fee of RMB900,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful [REDACTED] or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [REDACTED]. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan, which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

REGULATORY OVERVIEW

This section outlines the most significant laws and regulations affecting our business operations in China and Japan.

LAWS, REGULATIONS AND POLICIES IN CHINA

Industrial Policies

Domestic industrial development primarily follows relevant industrial structure guidelines issued by the National Development and Reform Commission (“**NDRC**”) and the Ministry of Industry and Information Technology (“**MIIT**”).

Micro-nano Manufacturing Industry Policies

Pursuant to the Industrial Structure Adjustment Guidance Catalog (2024 Edition) (issued by the NDRC on December 27, 2023, effective February 1, 2024), the following industries are classified as encouraged: integrated circuit design; the production of logic circuits and memory devices with a line width of 65 nanometers or less; the production of specialty process integrated circuits with a line width of 0.25 microns or less (including photomasks and the production of silicon wafers of 8 inches or larger); the production of compound integrated circuits with a line width of 0.5 microns or less; advanced packaging and testing integrating one or more technologies including, but not limited to, Ball Grid Array (BGA), Pin Grid Array (PGA), Chip Scale Packaging (CSP), Multi-Chip Module (MCM), Land Grid Array (LGA), System-in-Package (SIP), Flip Chip (FC), Wafer-Level Packaging (WLP), sensor packaging (MEMS), 2.5D, and 3D; and the manufacture of integrated circuit equipment and key components.

According to the Outline of the People’s Republic of China’s 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (issued by the National People’s Congress (“**NPC**”) on March 12, 2021, effective the same day), it is pointed out that it is necessary to strengthen original and leading scientific and technological research, formulate and implement strategic scientific plans and scientific projects in basic core areas related to national security and overall development. Aiming at cutting-edge fields such as artificial intelligence, quantum information, integrated circuits, life and health, brain science, biological breeding, aerospace science and technology, deep earth and deep sea, we will implement a number of forward-looking and strategic major national science and technology projects.

According to the State Council Notice on Issuing the “14th Five-Year Plan” for Digital Economy Development (issued by the State Council on December 12, 2021, effective the same day), during the “14th Five-Year Plan” period, the competitiveness of core industries should be elevated. Focus will be placed on enhancing the supply capacity of fundamental software and hardware, core electronic components, critical raw materials, and production equipment, thereby bolstering the self-sufficiency of key products. Initiatives will be implemented to reinforce and fortify the industrial chain. Efforts will be directed towards fostering technological convergence and product innovation tailored to diverse application scenarios, strengthening the competitiveness of critical industrial chain segments, and refining the supply chain ecosystems for pivotal industries including 5G, integrated circuits, new energy vehicles, artificial intelligence, and the industrial internet.

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Laws and Regulations Concerning Foreign Investment

The establishment, operation, and management of companies in China are governed by the Company Law of the People’s Republic of China (the “**Company Law**”). The Company Law was amended by the Standing Committee of the National People’s Congress (“**NPCSC**”) in 2023 and became effective on July 1, 2024. The Company Law applies to all Chinese companies, including foreign-invested enterprises, unless otherwise stipulated by foreign investment-related laws. According to the Company Law, companies established in China are either limited liability companies or joint stock limited companies, regulated by the Company Law.

The Foreign Investment Law of the People’s Republic of China (issued by the NPC on March 15, 2019, effective January 1, 2020) established that the State implements a pre-establishment national treatment plus negative list management system for foreign investment. Pre-establishment national treatment means affording foreign investors and their investments treatment no less favorable than that afforded to domestic investors and their investments during the investment access phase. A negative list refers to special administrative measures for market access implemented by the State for foreign investment in specific sectors. Foreign investments outside the negative list shall receive national treatment. Furthermore, the Regulations for the Implementation of the Foreign Investment Law of the People’s Republic of China (issued by the State Council on December 26, 2019, effective January 1, 2020) stipulated that the State shall formulate an Encouraged Catalogue for Foreign Investment Industries based on the needs of national economic and social development, listing specific industries, fields, and regions where foreign investment is encouraged and guided.

According to the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (issued by the NDRC and the MOFCOM on September 6, 2024, effective November 1, 2024), which replaces the previous negative list, domestic enterprises engaged in businesses prohibited by the negative list that seek to issue shares overseas and have them listed for trading must obtain approval from the relevant competent national authorities. Overseas investors shall not participate in the enterprise’s operation and management, and their shareholding ratio shall be implemented with reference to the relevant regulations governing overseas investors’ domestic securities investments.

Laws and Regulations Concerning Outbound Investment

According to the Administrative Measures for Outbound Investment (issued by the MOFCOM on September 6, 2014, effective October 6, 2014), MOFCOM and provincial-level commerce authorities implement filing and approval management based on different circumstances of enterprise outbound investment. Outbound investments involving sensitive countries/regions or sensitive industries are subject to approval management. Other outbound investments are subject to filing management.

According to the Administrative Measures for Enterprise Outbound Investment (issued by the NDRC on December 26, 2017, effective March 1, 2018), domestic enterprises in China (the “**investment entities**”) conducting outbound investment shall fulfill procedures such as project verification or filing for overseas investment projects (the “**projects**”), report relevant information, and cooperate with supervision and inspection. The scope of verification management covers sensitive projects directly undertaken by the investment entity or through overseas enterprises it controls. The scope of filing management covers non-sensitive projects directly undertaken by the investment entity, i.e., non-sensitive projects involving the direct investment of assets or equity by the investment entity,

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or the provision of financing or guarantees. The Sensitive Industries Catalogue for Outbound Investment (2018 Edition) (issued by the NDRC on January 31, 2018, effective March 1, 2018) details the sensitive industries for outbound investment.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment (issued by the SAFE on February 13, 2015, effective June 1, 2015), the approval for foreign exchange registration for direct investment was abolished. Banks directly handle foreign exchange registration for inbound and outbound direct investment items, while SAFE and its local branches exercise indirect supervision over banks.

Laws and Regulations Concerning Import and Export of Goods

According to the Foreign Trade Law of the People’s Republic of China (most recently amended by the NPCSC on December 30, 2022, effective the same day), the competent department of foreign trade under the State Council is responsible for national foreign trade work. The competent department of foreign trade under the State Council, in conjunction with other relevant departments under the State Council, formulates, adjusts, and publishes the catalogue of goods and technologies subject to import or export restrictions or prohibitions. The competent department of foreign trade under the State Council or in conjunction with other relevant departments under the State Council may, upon approval by the State Council, temporarily decide to restrict or prohibit the import or export of specific goods or technologies not listed in the aforementioned catalogue, within the scope permitted by law.

According to the Notice on Matters Concerning the Filing of Consignees and Consignors of Import and Export Goods (issued by the GACC on January 3, 2023, effective the same day) and the Administrative Provisions of the Customs of the People’s Republic of China on Filing of Customs Declaration Entities (issued on November 19, 2021, effective January 1, 2022), effective January 3, 2023, consignees/consignors of import/export goods and customs declaration enterprises applying for filing shall obtain market entity qualification, and are no longer required to obtain foreign trade operator filing.

Laws and Regulations Concerning Product Quality

According to the Civil Code of the People’s Republic of China (the “**Civil Code**”) (issued by the NPC on May 28, 2020, effective January 1, 2021), if personal injury is caused by a defective product, the producer shall bear tort liability. If a defect is discovered after the product has been put into circulation, the producer and seller shall promptly take remedial measures such as ceasing sales, issuing warnings, or initiating recalls. If remedial measures are not taken promptly or are ineffective, causing the expansion of damages, the producer and seller shall also bear tort liability.

According to the Product Quality Law of the People’s Republic of China (most recently amended by the NPCSC on December 29, 2018, effective the same day), products sold must comply with relevant safety standards. Sellers shall take measures to maintain the quality of the products they sell. The state implements a supervision and inspection system for product quality, primarily based on random sampling. Sellers shall not adulterate products, pass off fake products as genuine ones, pass off defective products as non-defective ones, or pass off substandard products as qualified ones. For sellers, any violation of national or industry health and safety standards or other requirements may lead to civil liability and administrative penalties, such as compensation for losses, fines, confiscation of illegally produced or sold products, confiscation of illegal income from such production or sales, and revocation

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of business licenses. Furthermore, in serious cases, individuals or enterprises may face criminal liability. If personal injury or damage to other people’s property is caused by a defective product, the consumer or victim may claim compensation from the producer of the product, or from the seller of the product. If the seller compensates for the producer’s liability, the seller has the right to recover the compensation from the producer. If the producer compensates for the seller’s liability, the producer has the right to recover the compensation from the seller.

Laws and Regulations Concerning Production Safety

According to the Law of the People’s Republic of China on Work Safety (most recently amended by the NPCSC on June 10, 2021, effective September 1, 2021), the state implements a system of accountability for production safety accidents. Production and business operation entities must strengthen work safety management, improve work safety conditions, enhance work safety standardization, and raise the level of work safety. Production and business operation entities shall possess the work safety conditions stipulated by this Law and other relevant laws, administrative regulations, and national or industry standards; those that do not possess the work safety conditions shall not engage in production or other business activities. Moreover, the design, manufacture, installation, use, inspection, maintenance, renovation, and scrapping of safety equipment shall comply with national or industry standards. To ensure compliance with work safety regulations during production, production and business operation entities should establish and improve work safety responsibility systems and work safety policies, clearly defining the responsible personnel, scope of responsibility, and assessment standards for each position. Production and business operation entities shall provide employees with labor protection equipment and conduct work safety training. If the principal person in charge of a production and business operation entity fails to fulfill the work safety management duties prescribed by this Law, they shall bear corresponding legal responsibilities depending on the severity of the work safety accident.

Laws and Regulations Concerning Real Estate

According to the Land Administration Law of the People’s Republic of China (most recently amended by the NPCSC on August 26, 2019, effective January 1, 2020), state-owned land can be legally transferred or allocated to construction units or individuals.

According to the Civil Code, the establishment, alteration, transfer and extinction of real property rights, where registration is required by law, shall take effect upon being recorded in the real estate register. The certificate of real property rights is the proof that the right holder enjoys the real property rights.

According to the Interim Regulations on Real Estate Registration (most recently amended by the State Council on March 10, 2024, effective May 1, 2024) and the Detailed Rules for the Implementation of the Interim Regulations on Real Estate Registration (most recently amended by the Ministry of Natural Resources on May 9, 2024, effective the same day), the state implements a unified real estate registration system. Real estate registration adheres to the principles of strict management, stability and continuity, and convenience for the people. Real estate registration is handled by the real estate registration authority of the county-level or higher people’s government where the real estate is located.

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Laws and Regulations Concerning Property Leasing

According to the Measures for Administration of Commercial Housing Leasing (issued by the Ministry of Housing and Urban-Rural Development on December 1, 2010, effective February 1, 2011), within thirty days after the conclusion of a housing lease contract, the lessor and lessee shall go to the construction (real estate) competent department of the people’s government at the level of municipality directly under the Central Government, city or county where the leased house is located to register the lease for the record. Failure to complete the relevant lease registration procedures and failure to rectify within the specified period may result in a fine ranging from RMB1,000 to RMB10,000 imposed on the parties to the lease agreement.

Laws and Regulations Concerning Environmental Protection

Key Chinese laws and regulations related to environmental protection include: the Environmental Protection Law of the People’s Republic of China (the “**Environmental Protection Law**”) (amended April 24, 2014, effective January 1, 2015), the Water Pollution Prevention and Control Law of the People’s Republic of China (amended June 27, 2017, effective January 1, 2018), the Air Pollution Prevention and Control Law of the People’s Republic of China (amended October 26, 2018, effective the same day), the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (amended April 29, 2020, effective September 1, 2020), the Administrative Measures for Pollutant Discharge Permits (issued April 1, 2024, effective July 1, 2024), and the Law of the People’s Republic of China on the Prevention and Control of Noise Pollution (issued December 24, 2021, effective June 5, 2022).

According to the aforementioned laws and regulations, enterprises that discharge and dispose of toxic and hazardous substances such as wastewater, waste gas, and solid waste must comply with national and local discharge standards, declare and register with the relevant environmental protection administrative departments, and pay environmental protection taxes and fees according to applicable laws.

According to the Environmental Impact Assessment Law of the People’s Republic of China (amended December 29, 2018, effective the same day), construction entities shall prepare an environmental impact statement, an environmental impact form, or fill out an environmental impact registration form based on the degree of environmental impact caused by the construction project: (i) If it is likely to cause significant environmental impacts, an environmental impact statement shall be prepared for a comprehensive assessment of the potential environmental impacts; (ii) If it is likely to cause minor environmental impacts, an environmental impact form shall be prepared for an analysis or specialized assessment of the potential environmental impacts; and (iii) If the environmental impact is minimal and no environmental impact assessment is required, an environmental impact registration form shall be filled out.

According to the Interim Measures for Completion Acceptance of Environmental Protection for Construction Projects (issued November 20, 2017, effective the same day) and the Regulations on the Administration of Environmental Protection for Construction Projects (amended July 16, 2017, effective October 1, 2017), after the completion of a construction project that requires an environmental impact statement or form, the construction entity shall, according to the standards and procedures stipulated by the competent environmental protection administrative department, carry out the completion acceptance

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inspection for environmental protection and prepare an acceptance report. Construction projects requiring an environmental impact statement or form may only be put into production or use after passing the environmental protection completion acceptance inspection.

According to the Fixed Pollution Source Pollutant Discharge Permit Classification Management Catalogue (2019 Edition) (issued by the Ministry of Ecology and Environment on December 20, 2019, effective the same day), based on factors such as the amount of pollutants generated and discharged by pollutant discharging entities and their impact on the environment, the State implements key management, simplified management, and registration management for pollutant discharge permits. Entities subject to registration management do not need to apply for a pollutant discharge permit.

Laws and Regulations Concerning the Production and Operation of Hazardous Chemicals

According to the Regulations on the Administration of Precursor Chemicals (amended by the State Council on September 18, 2018, effective the same day), entities purchasing Category II or Category III precursor chemicals shall, prior to purchase, register the variety and quantity to be purchased with the public security authority of the county-level people’s government at their location.

Laws and Regulations Concerning Fire Protection

According to the Fire Protection Law of the People’s Republic of China (amended by the NPCSC on April 29, 2021, effective the same day), upon completion of construction projects designated by the competent department of housing and urban-rural development under the State Council as requiring fire protection acceptance, the construction entity shall apply for fire protection acceptance from the competent department of housing and urban-rural development. For other construction projects, the construction entity shall report to the competent department of housing and urban-rural development for the record after completion, and the competent department of housing and urban-rural development shall conduct random inspections. Construction projects that are required by law to undergo fire protection acceptance shall not be put into use if they have not undergone acceptance or have failed acceptance. Other construction projects that fail random inspections in accordance with the law shall cease to be used.

Laws and Regulations Concerning Intellectual Property Rights

Patents

Patents in China are primarily protected by the Patent Law of the People’s Republic of China (amended October 17, 2020, effective June 1, 2021), and the Implementing Regulations of the Patent Law of the People’s Republic of China (issued by the State Council on June 15, 2001; amended December 11, 2023, effective January 20, 2024). According to the Patent Law of the People’s Republic of China and its Implementing Regulations, the duration of patent rights for inventions is 20 years, for utility models is 10 years, and for designs is 15 years, all calculated from the date of filing, except where annual patent fees are not paid as prescribed or the patentee declares in writing to abandon the patent right.

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Trademarks

According to the Trademark Law of the People’s Republic of China (amended by the NPCSC on April 23, 2019, effective November 1, 2019) and the Implementing Regulations of the Trademark Law of the People’s Republic of China (amended by the State Council on April 29, 2014, effective May 1, 2014), registered trademarks are those approved for registration by the Trademark Office of the National Intellectual Property Administration, including goods trademarks, service trademarks, collective trademarks, and certification trademarks; trademark registrants enjoy the exclusive right to use registered trademarks, protected by law. The Trademark Law and its Implementing Regulations stipulate that trademark registration applications shall be filed according to the published Classification of Goods and Services. The description of goods or services shall be filled out according to the class numbers and descriptions in the Classification of Goods and Services. If the goods or services are not listed in the Classification, a description of the goods or services shall be appended. The term of validity of a registered trademark is ten years, calculated from the date of approval of registration, except where the Trademark Office revokes the registered trademark. If the registered trademark needs to be continued after the expiration of the validity period, the trademark registrant shall go through renewal procedures as prescribed. The term of validity for each renewal of registration is ten years, calculated from the day following the expiration date of the previous term. If renewal procedures are not completed upon expiration, the registered trademark shall be cancelled.

Domain Names

According to the Administrative Measures for Internet Domain Names (issued by the MIIT on August 24, 2017, effective November 1, 2017), domain name registration services shall, in principle, operate on a “first-come, first-served” basis. Domain name registration applicants shall provide the domain name registration agency with true, accurate, and complete identity information of the domain name holder and other domain name registration information, and sign a registration agreement with the domain name registration service provider. Upon completion of the registration process, the applicant becomes the holder of the relevant domain name.

Laws and Regulations Concerning Employment, Social Insurance, and Housing Provident Fund

According to the Labor Law of the People’s Republic of China (the “**Labor Law**”) (amended by the NPCSC on December 29, 2018, effective the same day), the Labor Contract Law of the People’s Republic of China (the “**Labor Contract Law**”) (amended December 28, 2012, effective July 1, 2013), and the Implementing Regulations of the Labor Contract Law of the People’s Republic of China (issued by the State Council on September 18, 2008, effective the same day), employers must conclude written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Employers must establish labor safety and health systems, strictly implement national standards, and provide relevant education to employees. Violations of the Labor Contract Law and the Labor Law may lead to fines, and in serious cases, other administrative and criminal liabilities.

According to the Social Insurance Law of the People’s Republic of China (amended by the NPCSC on December 29, 2018, effective the same day) and the Interim Regulations on the Collection of Social Insurance Premiums (amended by the State Council on March 24, 2019, effective the same day), employers must contribute to social insurance programs for their employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, and work-related injury insurance. If an employer fails to pay social insurance premiums on time and in full, the social insurance premium collection agency shall order it to pay or make up the deficiency

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within a specified time limit, and impose a late payment fee of 0.05% per day calculated from the date of default; if the employer still fails to pay after the time limit, the relevant administrative department shall impose a fine of not less than one time nor more than three times the amount in default.

According to the Interpretation of the Supreme People’s Court on the Application of Law in the Trial of Labor Dispute Cases (II) issued by the Supreme People’s Court on July 31, 2025 and implemented on September 1, 2025 the (“**The New Judicial Interpretation**”), if the employer and the employee agree or the employee promises to the employer that they do not need to pay social insurance premiums, the people’s court shall determine that the agreement or promise is invalid. If the employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and have the employer pay economic compensation in accordance with Article 38 (3) of the Labor Contract Law of the People’s Republic of China, the people’s court shall support it in accordance with the law. If the employer, in accordance with the provisions of the preceding paragraph, requests the employee to return the social insurance compensation already paid after paying the social insurance premiums in accordance with the law, the people’s court shall support it in accordance with the law.

As advised by our PRC Legal Adviser, the New Judicial Interpretation does not repeal or change the existing social insurance laws and regulations and therefore does not by itself increase our social insurance exposure. Its impact on the Group’s business, financial performance and position, as well as its operations and compliance with the relevant laws and regulations, is not significant.

However, due to the possibility of issuing new PRC labor laws and regulatory guidance, we cannot assure how future developments may affect our operations. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to related penalties, fines or legal costs, and our business, financial condition and results of operations could be materially and adversely affected. Based on the above, our Directors are of the view that the Interpretation II has no material adverse impact on our business operation or financial condition.

According to the Regulations on the Administration of Housing Provident Funds (amended by the State Council on March 24, 2019, effective the same day), employers must contribute housing provident funds for their employees. If an employer defaults on contributions or makes insufficient contributions, the housing provident fund management center shall order it to make up the contributions within a specified time limit; if it still fails to contribute after the time limit, the center may apply to the people’s court for enforcement. Each employee may only have one housing provident fund account. The contribution ratios for both employees and employers shall not be less than 5% of the employee’s average monthly wage of the previous year; cities that are in a position to do so may appropriately increase the contribution ratio.

Laws and Regulations Concerning Taxation

EIT

According to the Enterprise Income Tax Law of the People’s Republic of China (the “**EIT Law**”) (amended by the NPCSC on December 29, 2018, effective the same day) and the Implementing Regulations of the Enterprise Income Tax Law of the People’s Republic of China (amended by the State

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Council on December 6, 2024, effective January 20, 2025), enterprises are categorized as resident enterprises and non-resident enterprises. An enterprise established in China under Chinese law, or an enterprise established under the law of a foreign country (region) but whose “effective management institution” is located within China is deemed a “resident enterprise” and shall pay EIT at a rate of 25% on its worldwide income. A non-resident enterprise (i) that has an establishment or place of business in China shall pay EIT on the income derived by such establishment or place of business from sources within China, and on the income derived from sources outside China which is effectively connected with such establishment or place of business; and (ii) that has income derived is not effectively connected with such establishment or place of business, shall pay EIT on the income derived from sources within China. A non-resident enterprise that has no establishment or place of business in China, shall pay EIT on the income derived from sources within China. High and new technology enterprises that are in need of key State support shall be subject to a reduced EIT rate of 15%.

VAT

According to the Provisional Regulations of the People’s Republic of China on Value-Added Tax (amended by the State Council on November 19, 2017, effective the same day) and the Detailed Rules for the Implementation of the Provisional Regulations of the People’s Republic of China on Value-Added Tax (amended by the Ministry of Finance on October 28, 2011, effective November 1, 2011), entities and individuals that sell goods or engage in processing, repair and replacement services, sell services, intangible assets, immovable property, or import goods within the territory of the People’s Republic of China are VAT taxpayers. Unless otherwise stipulated, the tax rate for taxpayers selling goods, labor services, leasing services for tangible movable property, or importing goods is 17%.

According to the Value-Added Tax Law of the People’s Republic of China (issued by the NPCSC on November 25, 2024, effective January 1, 2026) (after which the Provisional Regulations of the People’s Republic of China on Value-Added Tax will be abolished), entities and individuals (including individual businesses) that sell goods, services, intangible assets, immovable property, or import goods within the territory of the People’s Republic of China are VAT taxpayers and shall pay VAT in accordance with this Law.

According to the Circular on Adjusting the Value-Added Tax Rates (issued by the Ministry of Finance and the State Taxation Administration on April 4, 2018, effective May 1, 2018), for VAT taxable sales activities by taxpayers originally subject to the 17% rate, the rate was adjusted to 16%. According to the Announcement on Policies Related to Deepening VAT Reform (issued by the Ministry of Finance, the State Taxation Administration, and the GACC on March 20, 2019, effective April 1, 2019), for general VAT taxpayers engaging in VAT taxable sales activities or importing goods originally subject to the 16% rate, the rate was adjusted to 13%.

Laws and Regulations Concerning Dividend Distribution

According to the Company Law, when distributing the after-tax profit of the current year, a company shall allocate 10% of the profit to the company’s statutory reserve fund. The company may cease allocation when the cumulative amount of the company’s statutory reserve fund reaches 50% or more of the company’s registered capital. If the company’s statutory reserve fund is insufficient to make up the losses of the previous year, the company shall use the current year’s profit to make up the losses before allocating to the statutory reserve fund as stipulated in the preceding paragraph. After the

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company makes up the losses and allocates to the reserve fund, the remaining after-tax profit shall be distributed by a joint stock limited company proportionally to the shares held by the shareholders, unless otherwise stipulated in the company’s articles of association.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and related protocols (signed August 21, 2006, effective December 8, 2006), if a Hong Kong enterprise directly holds not less than 25% of the equity of a Chinese company, the dividends distributed shall be taxed at a rate of 5%; otherwise, the dividend shall be subject to 10% income tax.

According to the Administrative Measures for Non-Resident Taxpayers Enjoying Treaty Benefits (issued by the State Taxation Administration on October 14, 2019, effective January 1, 2020), non-resident taxpayers enjoying treaty benefits shall adopt the method of “self-assessment, declaration for enjoyment, and retention of relevant materials for future inspection”. Non-resident taxpayers who determine on their own that they meet the conditions for enjoying treaty benefits may enjoy the treaty benefits during tax filing, or through the withholding agent during withholding filing, while collecting and retaining relevant materials for future inspection in accordance with these Measures and accepting subsequent administration by the tax authorities.

Laws and Regulations Concerning Foreign Exchange

According to the Regulations of the People’s Republic of China on Foreign Exchange Administration (revised by the State Council on August 5, 2008, effective the same day), the foreign exchange receipts and payments or foreign exchange business activities of domestic institutions and domestic individuals, as well as the foreign exchange receipts and payments or foreign exchange business activities of overseas institutions and overseas individuals within the territory of China, are subject to these regulations.

According to the Notice on Reforming and Regulating the Policies on the Settlement of Capital Account Foreign Exchange Income (issued by the SAFE on June 9, 2016, effective the same day), it has been clearly stipulated that the capital account foreign exchange income subject to the voluntary settlement policy (including foreign capital, foreign debt funds and repatriated funds from overseas listings, etc.) can be settled at banks based on the actual business needs of domestic institutions. Where the current regulations impose restrictions on the settlement of capital account foreign exchange income of domestic institutions, such regulations shall prevail. The voluntary settlement ratio of capital account foreign exchange income of domestic institutions is temporarily set at 100%. The SAFE may adjust the above ratio in a timely manner in light of the international payments situation.

According to the Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (issued by the SAFE on October 23, 2019, effective the same day), and the Notice on Further Deepening Reform to Promote the Facilitation of Cross-border Trade and Investment (issued on December 4, 2023, effective the same day), non-investment-oriented foreign-invested enterprises are allowed to settle foreign exchange funds in RMB and use RMB capital for domestic equity investment, provided that they do not violate the current Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) and the domestic investment projects are genuine and compliant.

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According to the Notice on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Businesses (issued by the SAFE on April 10, 2020, effective the same day), under the premise of ensuring the authenticity and compliance of fund usage and in line with the current regulations on the use of capital project income, qualified enterprises are allowed to use capital funds, foreign debts, and income from overseas listings and other capital project income for domestic payments without having to provide authenticity proof materials to the bank on a case-by-case basis in advance. Relevant banks must conduct post-event spot checks in accordance with relevant regulations.

The Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting the Foreign Exchange Administration Policies for Direct Investment (issued by the SAFE on November 19, 2012, effective December 17, 2012) has greatly simplified the previous foreign exchange approval procedures, and cancelled the approval for opening and crediting foreign exchange accounts under direct investment. Banks will handle the account opening procedures for the account opening entities based on the registration information in the relevant business systems of the foreign exchange administration.

The Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment (revised by the SAFE on February 13, 2015, effective June 1, 2015) has abolished the administrative approval item of foreign exchange registration for overseas direct investment. Instead, banks directly review and handle the foreign exchange registration for overseas direct investment. The SAFE and its branches implement indirect supervision over the foreign exchange registration for direct investment through banks.

Laws and Regulations Concerning Overseas Listings

According to the Securities Law of the People’s Republic of China (the “**PRC Securities Law**”) (revised by the NPCSC on December 28, 2019, effective March 1, 2020), it comprehensively regulates activities in the securities market within the territory of China, including the issuance and trading of securities, the acquisition of listed companies, information disclosure, investor protection, securities trading venues, securities companies, securities registration and settlement institutions, securities service institutions, the securities industry association and securities regulatory authorities, etc. The PRC Securities Law further stipulates that domestic enterprises directly or indirectly issue securities abroad or list and trade their securities abroad shall comply with the relevant regulations of the State Council. For domestic companies whose stocks are subscribed and traded in foreign currencies, specific measures shall be separately prescribed by the State Council.

According to the Trial Measures for the Administration of the Issuance and Listing of Securities by Domestic Enterprises Abroad (the “**Trial Measures for Overseas Listing**”) (issued by the China Securities Regulatory Commission (“**CSRC**”) on February 17, 2023, effective March 31, 2023), domestic enterprises in China that directly or indirectly issue stocks or list abroad shall file with the CSRC within three working days after submitting the application documents for issuance and listing abroad. In addition, the following circumstances shall not be allowed to issue and list abroad: (i) where the issuance and listing abroad are prohibited by Chinese laws; (ii) where the issuance and listing abroad may endanger national security as determined by the relevant competent departments of the State Council of China in accordance with the law; (iii) where the domestic enterprise or its controlling shareholder or actual controller has been convicted of a crime in the past three years; (iv) where the domestic enterprise is under investigation for suspected crimes or major violations of laws and

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regulations and no clear conclusion has been reached; or (v) where there are major disputes over the ownership of the shares held by the controlling shareholder or the shareholder controlled by the controlling shareholder or actual controller.

According to the Regulations on Strengthening the Confidentiality and Archival Management of Overseas Securities Issuance and Listing by Domestic Enterprises (the “**Archival Regulations**”) (issued by the CSRC, the Ministry of Finance, the State Secrecy Bureau and the National Archives Administration on February 24, 2023, effective March 31, 2023), domestic enterprises and the securities companies and securities service institutions providing corresponding services in the activities of direct or indirect overseas securities issuance or listing by domestic enterprises shall strictly abide by the relevant requirements for confidentiality and archival management, establish and improve confidentiality and archival management systems, take necessary measures to fulfill the responsibilities for confidentiality and archival management, and shall not disclose state secrets or work secrets of state organs, nor shall they harm the interests of the state and the public.

Domestic enterprises that provide or publicly disclose documents and materials involving state secrets or work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory authorities, or individuals, or provide or publicly disclose such documents and materials through their overseas listed entities, etc., shall report to the competent authorities with approval authority for approval in accordance with the law and file with the administrative department for confidentiality at the same level. Domestic enterprises that provide or publicly disclose other documents and materials that would cause adverse effects on national security or public interests if leaked to relevant securities companies, securities service institutions, overseas regulatory authorities, or individuals, or provide or publicly disclose such documents and materials through their overseas listed entities, etc., shall strictly follow the corresponding procedures in accordance with relevant state regulations.

LAWS, REGULATIONS AND POLICIES IN JAPAN

Laws Related to Labor and Social Insurance

Labor

Labor relations in Japan are primarily governed by the Labor Standards Act (“《労働基準法》”). This Act establishes minimum standards for working conditions, including wages, working hours, and compensation for work-related accidents. It also obliges employers and employees to enter into written labor contracts specifying key working conditions such as wages, working hours, and terms of contract termination. Under the Labor Standards Act, employees’ working hours, in principle, must not exceed the statutory working hours (40 hours per week or 8 hours per day, excluding break times). However, this restriction does not apply if the employer concludes a written labor agreement regarding overtime and holiday work (commonly called a “**Article 36 Agreement**”, “36協定”) with a labor union representing the majority of employees or, if no labor union exists, with a representative of the majority of employees and submits it to the relevant Labor Standards Inspection Office. Working hours that exceed the statutory limit are considered overtime. Even with an Article 36 Agreement, employees’ overtime is generally limited to 45 hours per month and 360 hours per year. Nevertheless, by including special provisions in the Article 36 Agreement, overtime exceeding these limits may be permitted only under exceptional circumstances.

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Additionally, the Labor Contract Act (“《労働合同法》”) complements the Labor Standards Act by stipulating the basic principles of labor contracts, as well as fundamental matters concerning the formation, modification, performance, and termination of labor contracts. The Act aims to protect employees and stabilize individual labor relations by ensuring that reasonable working conditions are determined or modified through voluntary negotiations between employers and employees. The Act also provides protective measures to prevent unfair dismissal, stipulating that termination of employment requires objectively reasonable grounds and social appropriateness.

Social Security

Japan has a comprehensive social insurance system, consisting of several mandatory insurance programs.

The Health Insurance Act (“《健康保険法》”) provides insurance benefits for employees or their dependents in the event of sickness, injury, death, or childbirth not related to work. Under this Act, employers operating applicable business establishments (including all legal entities) are required to register their employees for health insurance.

The Employees’ Pension Insurance Act (“《厚生年金保険法》”) provides insurance benefits for employees in cases of old age, disability, or death. Under this Act, employers operating applicable business establishments (including all legal entities) are required to bear half of their employees’ pension insurance premiums.

The Workers’ Accident Compensation Insurance Act (“《労働者災害補償保険法》”) requires all employers to enroll in workers’ accident compensation insurance in order to provide benefits to employees or their survivors in the event that the employee suffers an accident or occupational disease during work or commuting. Employers are obligated to bear the full cost of the insurance premiums under this Act. The Act also aims to promote the social rehabilitation of employees who are injured or fall ill due to work-related or commuting causes, support the affected employees or their survivors, and ensure their safety and health.

The Employment Insurance Act (“《雇用保険法》”) aims to provide necessary benefits to employees in cases of unemployment, difficulty continuing employment, or participation in vocational training, and to promote their re-employment. Under this Act, employers are required to bear a portion of the insurance premiums.

Laws Related to Taxation

Corporation Tax

The Corporation Tax Act (“《法人税法》”) stipulates taxes on the income of corporations. The Act provides rules on the calculation and payment procedures for corporation tax, with the aim of ensuring the proper fulfillment of corporations’ tax obligations.

Japanese corporations are required to pay taxes on income derived from their business activities. The corporation tax rate varies depending on the size of the company. The standard rate for ordinary corporations is 23.2%, while small and medium-sized enterprises benefit from a reduced tax rate (15% or 19%, depending on sales over the past several years) for the portion of annual taxable income not exceeding JPY 8 million. Taxable income is determined based on profits earned during the fiscal year.

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Foreign corporations are liable to pay tax only on income sourced within Japan (domestic-source income). Foreign corporations with a permanent establishment in Japan are generally required to pay corporation income tax on income attributable to that permanent establishment.

All companies must file a tax return within two months from the day following the end of the fiscal year. The tax return must be accompanied by supporting documents detailing the company’s financial activities, such as balance sheets and income statements. Failure to fulfill filing or payment obligations may result in sanctions and penalties, including additional taxes and delinquency charges. Furthermore, any non compliance with the Corporation Tax Act may trigger tax audits and sanctions.

Enterprise Tax

In Japan, the enterprise tax is a tax imposed by prefectures on enterprise business income, and the method of calculation varies depending on the size of the enterprise. For small and medium-sized enterprises, the business tax is primarily levied based on the company’s income. However, for large corporations, additional factors are considered in the calculation, such as the company’s capital and the “value-added amount,” which is the sum of single-year profits and revenue distribution. As a result, even large corporations operating at a loss may still be required to pay enterprise tax.

The Special Corporate Tax is a tax levied by the national government to rectify the uneven distribution of tax sources of local corporate taxes, which is also collected through enterprise tax filing.

Corporate Inhabitant Tax

The corporate inhabitant tax is a local tax paid by corporations to the regions (prefectures and municipalities) where they conduct business. The tax amount is calculated based on the corporate tax amount paid to the national government.

Fixed Asset Tax

The fixed asset tax is a tax imposed by municipalities on fixed assets, including land, buildings, and depreciable assets. The tax amount is calculated by applying the standard tax rate (1.4%) to the assessed value of the fixed assets, which is determined based on the valuation standards for fixed assets announced by the Minister of Internal Affairs and Communications.

Consumption Tax

Consumption tax is a Japan-style value-added tax, broadly imposed on consumption, and is governed by the Consumption Tax Act (“《消費税法》”). For business operators, the tax is calculated by applying a 10% rate to sales, including the local consumption tax, while the tax amount paid on purchases is deductible.

Withholding Tax on Dividends

In Japan, the payment of corporate dividends is governed by the Companies Act (“《公司法》”). In addition, Japanese income tax on dividends is collected through withholding in accordance with the Income Tax Act (“《所得税法》”).

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For a Japanese private company paying dividends to non-resident shareholders, the standard withholding tax rate is 20.42%. However, this rate may be reduced or exempted under the provisions of applicable tax treaties between Japan and the shareholder’s country or region of residence. For example, under the tax treaty between Japan and Hong Kong, the withholding tax rate for shareholders who qualify as tax residents of Hong Kong may be reduced to 5%. Non-resident shareholders wishing to apply for a reduced withholding tax rate must submit a notification concerning the relevant tax treaty to the Japanese tax authorities. The withholding tax is generally collected by the Japanese subsidiary paying the dividend.

Withholding Tax on Salaries

Japanese income tax on payments of salaries to workers is collected through withholding in accordance with the Income Tax Act. When an employer, as a withholding agent, pays salaries to employees, it is required to deduct income tax in advance and remit it on behalf of the employees.

The due date for remitting the withheld income tax is the 10th day of the month following the month in which the income was paid. However, if the number of employees regularly receiving salaries is fewer than 10, a special provision allows the tax to be remitted twice a year.

The amount of withholding tax is determined based on factors such as the salary amount, social insurance and employment insurance premiums deducted from the salary, whether the employee has submitted a declaration for dependent deductions, and the number of dependents.

Laws Related to Leasing

Commercial leases in Japan are primarily governed by the Civil Code (“《民法》”) and the Act on Land and Building Leases (“《借地借家法》”).

The Civil Code sets out the basic requirements for the formation of lease contracts, the rights and obligations of both parties (such as payment of rent and maintenance of leased property), conditions for contract termination, and liability for non-performance.

The Act on Land and Building Leases, as a special law supplementing the Civil Code, mainly aims to protect tenants and establishes minimum standards for leases of land for building ownership and building leases, including lease duration, rent revision, and the exercise of termination rights. Under the Act, long-term commercial property leases are ensured to a degree of stability.

U.S. EXPORT CONTROL AND ECONOMIC SANCTIONS

The United States administers a comprehensive export-control and economic-sanctions framework aimed at protecting national-security and foreign-policy interests. This system — implemented principally through the EAR by the Department of Commerce and sanctions authorities administered by the Department of the Treasury and the Department of Defense — imposes licensing requirements, end-use and end-user restrictions, foreign direct product controls, and list-based prohibitions on dealings with designated parties. The following content outlines the key rules and restricted-party lists specifically relevant to the Company’s assessment.

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- **BIS Entity List Restrictions**

According to the EAR § 744.16, in addition to the license requirements for items specified on the CCL, any entity may not, without a license from BIS, export, reexport, or transfer (in-country) any items included in the License Requirement column of an entry on the Entity List (supplement no. 4 to the EAR § 744.16) when an entity associated with that entry or when any person using an address identified in the Entity List entry as a high-risk diversion address is a party to a transaction as described in § 748.5(c) through (f) of the EAR.

- **FN1 FDP Rule**

A foreign-produced item is subject to the EAR if it meets the product scope and end-user scope in Entity List FDP Rule footnote 1, footnote 4 or footnote 5 provisions. The Entity List footnote 1 FDP Rule (FN1 FDP) applies if foreign-produced item meets both product and end-user conditions.

Product Scope: the foreign-produced item is the direct product of technology or software that is subject to the EAR and specified in ECCNs such as 3D001, 4D001, 5D001, 5D991, 5E991, etc.; or foreign-produced items produced by a plant or major component that is itself the direct product of such U.S.-origin technology or software.

End-user Scope: there is knowledge that the item will be used in activities involving a FN1 designated entity, or when the FN1 designated entity is a party to the transaction.

- **FN4 FDP Rule**

The Entity List footnote 4 FDP Rule (FN4 FDP) applies if foreign-produced item meets both product and end-user conditions.

Product Scope: the foreign-produced item is the direct product of U.S.-origin technology or software listed in ECCNs such as 3D001, 4D001, 5D001, 5D991, 5E991, etc.; or items produced by a plant or major component that is itself the direct product of such technology or software; and

End-user Scope: there is knowledge that the item will be used in activities involving a FN4 designated entity, or when the FN4 designated entity is a party to the transaction.

- **Department of Defense NDAA §1260H List**

Amended in 2025, 1260H List mostly prohibits the Department of War from entering into, renewing, or extending contracts for goods, services, or technology with entities on the Chinese Military Company List or their affiliates. Contracts with companies controlled by these listed entities are also prohibited.

- **U.S. Treasury’s Non-SDN CMIC List**

Non-SDN Chinese Military-Industrial Complex Companies List, published by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) is designed as a reference tool that identifies persons subject to certain sanctions that have been imposed under statutory or other authorities.

REGULATORY OVERVIEW

A United States person is prohibited from certain purchase or sale of publicly traded securities of CMIC List entities, and any transaction that evades or avoids, is intended to evade or avoid, causes a violation of, or attempts to violate any of the prohibitions set forth is prohibited. OFAC published several new Frequently Asked Questions (“FAQs”) on application of Non-SDN CMIC List, and FAQ 905 clarifies that U.S. Persons are not prohibited from engaging in all activities with CMICs.

U.S. OUTBOUND INVESTMENT PROGRAM

On August 9, 2023, the U.S. government issued Executive Order 14105, launching efforts to regulate certain outbound investments involving China. The U.S. Department of the Treasury followed with rulemaking, culminating in a final rule (the “OIR”) on October 28, 2024 (effective January 2, 2025) that established the “Outbound Investment Security Program.” This program focuses on investments by U.S. persons in advanced technology sectors in “countries of concern” (currently China, including Hong Kong and Macau).

Under the OIR, U.S. persons, including U.S. citizens and permanent residents, entities organized under U.S. law (including their foreign branches), and any person in the U.S., are subject to investment prohibitions and notification requirements for certain transactions in three sensitive technology categories (semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems). These restrictions apply when a transaction involves a “covered foreign person” generally an entity in a country of concern engaged in a “covered activity.” With respect to the semiconductors and microelectronics sector, the OIR defines the following as “covered activities”: (i) Design, fabrication, or packaging of (advanced) any integrated circuit; (ii) Development or production of certain electronic design automation software; (iii) Development or production of certain semiconductor fabrication equipment, or certain packaging equipment; and (iv) Development or production of items, materials, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment. “Covered transactions” include activities such as acquiring equity interests (including contingent equity interests), providing debt financing, forming joint ventures, or investing as a limited partner in a fund, when such activities involve a covered foreign person.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to June 2012 when our Company was established as a limited liability company in the PRC. Over the past decade, we have been committed to continuous development in micro- and nanofabrication and established ourselves as one of the world’s leading providers of micro- and nanofabrication solutions.

Our Company was converted into a joint stock company with limited liability in December 2019. Since March 2021, our A Shares have been listed on the STAR Market (stock code: 688661.SH).

KEY MILESTONES

The following is a summary of the key milestones of our Group:

Year	Event
2012	Our Company was established as a limited liability company in the PRC.
2018	We launched our series of semiconductor chip test probes.
2019	We were certified as a “Province-Level Industrial Enterprise Technical Centre” (省級工業企業技術中心).
	Our Company was converted into a joint stock company with limited liability.
2021	The A Shares of our Company became listed on the STAR Market (stock code: 688661.SH).
2022	We were awarded an honorary title of National “Specialized and New” Little Giant Enterprise (國家級“專精特新”小巨人企業).
2023	Our miniature transmission systems began to be used in intelligent cleaning robots, such as robotic vacuum cleaners.
2025	We launched the 2D MEMS micro- and nanofabrication components.

MAJOR CORPORATE DEVELOPMENT OF OUR COMPANY

Establishment of Our Company

In June 2012, our Company was established by our founders as a limited liability company in the PRC with a registered capital of RMB60 million. At the time of our establishment, the shareholding structure of our Company was as follows:

Shareholder	Amount of registered capital	Percentage of shareholding
	(RMB)	
Mr. Luo ⁽¹⁾	33,000,000	55.00%
Mr. Ma Hongwei (馬洪偉) ⁽¹⁾	12,000,000	20.00%
Mr. Qian Xiaochen (錢曉晨) ⁽¹⁾	9,000,000	15.00%
Ms. Jiang Xiaoyan (江曉燕) ⁽¹⁾	3,000,000	5.00%
Mr. Cui Lianjun (崔連軍) ⁽²⁾	3,000,000	5.00%
Total	60,000,000	100.00%

Notes:

(1) Each of Mr. Luo, Mr. Ma Hongwei and Mr. Qian Xiaochen is a Director. Ms. Jiang Xiaoyan is a former Director.

(2) Mr. Cui Lianjun is the nephew of Mr. Luo.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Early Shareholding Changes of Our Company

From 2012 to 2019, our Company underwent a capital decrease and several rounds of capital transfers, including (i) the transfer of 12% equity interests held by Mr. Luo to Mr. Cheng Jurun (程巨潤), an Independent Third Party, on December 18, 2014 at a consideration of RMB1.8 million equivalent to the corresponding paid-up capital in cash contributed by Mr. Luo; (ii) the reduction of registered capital from RMB60 million to RMB18 million on a pro rata basis among the then Shareholders on March 21, 2016; (iii) the transfer of 4%, 2% and 2% equity interests held by Mr. Ma Hongwei, Mr. Qian Xiaochen and Mr. Cheng Jurun to Suzhou Heyang, the employee stock ownership platform of our Company, on November 1, 2019 at a consideration of RMB6 million, RMB3 million and RMB3 million, respectively, for employee incentive purposes; (iv) the transfer of 8% equity interests held by Mr. Ma Hongwei to Mr. Luo on November 1, 2019 at a consideration of RMB12 million with the purpose of strengthening the control of Mr. Luo in our Company; (v) the transfer of 5% equity interests held by Mr. Cheng Jurun to Ganzhou Lanshi, an Independent Third Party, on November 15, 2019 at a consideration of RMB20 million; (vi) the transfer of 5% equity interests held by Mr. Cheng Jurun to Mr. Yu Fangbiao (余方標), an Independent Third Party, on November 15, 2019 at a consideration of RMB20 million; and (vii) the transfer of 2% equity interests held by Ms. Jiang Xiaoyan to her son, Mr. Luo Yuntian (羅耘天), on November 15, 2019 at nil consideration.

Upon the completion of the above shareholding changes, our Company had a registered capital of RMB18 million, and the shareholding structure of our Company was as follows:

Shareholder	Amount of registered capital	Percentage of shareholding
	(RMB)	
Mr. Luo	9,180,000	51.00%
Mr. Qian Xiaochen	2,340,000	13.00%
Mr. Ma Hongwei	1,440,000	8.00%
Suzhou Heyang ⁽¹⁾	1,440,000	8.00%
Mr. Yu Fangbiao ⁽²⁾	900,000	5.00%
Mr. Cui Lianjun	900,000	5.00%
Ganzhou Lanshi ⁽²⁾	900,000	5.00%
Ms. Jiang Xiaoyan	540,000	3.00%
Mr. Luo Yuntian ⁽³⁾	360,000	2.00%
Total	18,000,000	100.00%

Notes:

- (1) Suzhou Heyang is a limited partnership established in the PRC on November 7, 2019 and our employee stock ownership platform. The relevant employees indirectly held their equity interests in our Company through being the partners of Suzhou Heyang. As of the Latest Practicable Date, none of the partners held 30% or more partnership interest in Suzhou Heyang. Details of the shareholding structure of Suzhou Heyang were as follows:

Name	Position in the Group	Capacity of partnership interest	Percentage of partnership interest
Mr. Luo	Chairman of the Board, executive Director and general manager	General partner	28.1250%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name	Position in the Group	Capacity of partnership interest	Percentage of partnership interest
Mr. Liu Zhiwei (劉志巍).	Executive Director, deputy general manager of our Company and general manager of our micro precision component department	Limited partner	25.8333%
Mr. Wang Junwei (王軍委).	Financial director	Limited partner	1.4583%
19 other current or former employees of the Group.	N/A	Limited partner	44.5834%

(2) Each of Yu Fangbiao and Ganzhou Lanshi was a financial investor and an Independent Third Party.

(3) Luo Yuntian is the son of Jiang Xiaoyan.

Conversion into a Joint Stock Company

In December 2019, our Company was converted from a limited liability company to a joint stock company with limited liability with the following Shareholders being our promoters. Upon the completion of the conversion, our Company had a total share capital of RMB60 million divided into 60,000,000 Shares with a nominal value of RMB1.00 each, and the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Percentage of shareholding
Mr. Luo	30,600,000	51.00%
Mr. Qian Xiaochen	7,800,000	13.00%
Mr. Ma Hongwei	4,800,000	8.00%
Suzhou Heyang	4,800,000	8.00%
Mr. Yu Fangbiao.	3,000,000	5.00%
Mr. Cui Lianjun	3,000,000	5.00%
Ganzhou Lanshi	3,000,000	5.00%
Ms. Jiang Xiaoyan	1,800,000	3.00%
Mr. Luo Yuntian.	1,200,000	2.00%
Total	60,000,000	100.00%

Listing on the STAR Market

In March 2021, our A Shares were listed on the STAR Market (stock code: 688661.SH) (the “**A Share Listing**”). We offered a total of 20,000,000 A Shares under the A Share Listing, representing approximately 25% of our enlarged share capital immediately following the completion of the A Share Listing. Upon completion of the A Share Listing, our Company had a total share capital of RMB80 million divided into 80,000,000 Shares with a nominal value of RMB1.00 each, and Mr. Luo directly and indirectly controlled approximately 44.25% of the then share capital of our Company.

In March 2024, our Company and Liu Yike (劉以可), a former financial director of our Company, received a warning letter (“**Warning Letter**”) from the Jiangsu Bureau of CSRC. The Warning Letter was in relation to our use of proceeds of an amount of RMB20,000 from the A Share Listing for certain

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

non-proceeds-related expenses and the corresponding inaccurate disclosure of the amount of proceeds used in the proceeds-related projects in the special report for use of proceeds for the year 2022 and the first half of the year 2023, which resulted in a breach of PRC regulations in relation to the use of proceeds and corresponding information disclosure. Such error was primarily caused by an unintentional misuse of the designated proceeds account by our staff during the process of account switching for expense payment, which none of our Directors was involved in.

We promptly returned the amount of RMB20,000 from our general account to the designated proceeds account after we became aware of such error. To prevent future recurrence of similar incidents, we have implemented enhanced internal control measures, including (i) establishing a rectification working group to strengthen the oversight of the deposit and use of proceeds, (ii) refining the execution of the internal control system at both institution and implementation levels to eradicate the recurrence of such error; (iii) conducting regular training for senior management members to strengthen their understanding of regulations and compliance awareness; and (iv) enhancing the day-to-day communication with the A-share sponsor to strengthen the supervision and management of the deposit and use of proceeds. We also submitted a written report to the Jiangsu Bureau of CSRC in March 2024, and the regulatory authority did not provide any further comments thereupon. The relevant regulators typically do not issue any formal case closure confirmations for such type of incidents even when satisfied. Our Directors believe that the implemented rectification measures have adequately addressed the concerns of the regulatory authority. Save for the above, no similar incidents were found as of the Latest Practicable Date. Based on the foregoing, our Directors are of the view that our enhanced internal control measures to prevent recurrence of similar incidents are sufficient and effective. Nothing material has come to the Joint Sponsors’ attention that would reasonably cause them to cast doubt on the Directors’ view as mentioned above.

As advised by our PRC Legal Advisors, (i) the Warning Letter was not a form of administrative penalty or a material non-compliance; and (ii) our Company has completed all the relative rectification in the prescribed timeframe and submitted a written report to the Jiangsu Bureau of CSRC.

As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the STAR Market and other applicable securities laws and regulations of the PRC since our listing on the STAR Market, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the STAR Market. As of the Latest Practicable Date, as advised by our PRC Legal Advisors, since the A Share Listing, our Company has been in compliance with all applicable securities laws and regulations of the PRC in all material respects. Based on the independent due diligence conducted by the Joint Sponsors with the assistance of the Joint Sponsors’ onshore and offshore counsel teams, and our PRC Legal Advisors’ view, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our Directors’ confirmation with regard to the compliance records of the Company on the STAR Market.

Private Placement and Bonus Issue of A Shares

In September 2022, our Company conducted a placement of A Shares (the “**A Share Placement**”) to raise funds for our R&D and volume production and supplement our working capital. Under the A Share Placement, 9,874,453 new A Shares were issued to qualified investors and the offer price was RMB70.89 per A Share, which was determined with reference to the average trading price of our A Shares of the 20 trading days prior to the pricing date and the indicative investment interest of potential investors. These new A Shares were placed to 12 investors in total, including Mr. Luo, one of our

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Controlling Shareholders and executive Director, and 11 Independent Third Parties. The A Share Placement raised net proceeds of approximately RMB689.52 million, approximately 38.5% of which had been utilized as of December 31, 2025. Immediately following the completion of the A Share Placement, our Company had a total share capital of RMB89,874,453 divided into 89,874,453 Shares with a nominal value of RMB1.00 each.

In 2024 and 2025, our Company completed the following bonus issues to the then existing Shareholders by way of conversion of capital reserve:

Completion date	Bonus ratio
June 4, 2024	0.3 new A Share for every existing A Share
June 6, 2025	0.3 new A Share for every existing A Share

Immediately following the completion of the above bonus issues, our Company had a total share capital of RMB151,887,826 divided into 151,887,826 Shares with a nominal value of RMB1.00 each.

2022 Restricted Share Incentive Plan

On December 12, 2022, we adopted the 2022 Restricted Share Incentive Plan as a long-term incentive mechanism to attract and retain outstanding talents, motivate our employees and effectively align the interests of the Shareholders, our Company and our core team.

Under the 2022 Restricted Share Incentive Plan, 400,000 Restricted Shares were granted on January 4, 2023 at the grant price of RMB34.07 per Share. As of the date of this document, all the 400,000 Restricted Shares had lapsed due to the unsatisfaction of the vesting conditions. None of the Restricted Shares have been vested, thus none of the underlying A Shares have been issued. As all the granted Restricted Shares had lapsed and there were no outstanding Restricted Shares, the 2022 Restricted Share Incentive Plan had expired and was no longer in effect as of March 30, 2026.

PRC Legal Advisors’ Confirmation

As advised by our PRC Legal Advisors, the equity or share transfers and changes in the share capital of our Company as described above have been completed and settled, and all regulatory approvals, registrations or filings have been granted in accordance with applicable PRC laws and regulations.

PRINCIPAL SUBSIDIARIES

As of the Latest Practical Date, the following entities were our principal subsidiaries which had made a material contribution to our results of operations during the Track Record Period:

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest held by our Group	Principal business activities
Suzhou Yoke	PRC	May 6, 2016 ⁽¹⁾	100%	Research and development, manufacturing and sales of semiconductor equipment and precision machinery products

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest held by our Group	Principal business activities
SIP UIGreen. . . .	PRC	September 27, 2021	100%	Technology development, technical services and equipment sales

Note:

- (1) Suzhou Yoke was established on May 6, 2016 and acquired by our Group on September 26, 2023. For details, see “—Acquisitions, Disposals and Mergers.”

ACQUISITIONS, DISPOSALS AND MERGERS

As part of our development strategy, we consider acquisition opportunities from time to time to expand our business operations. In late 2023, we became acquainted with Suzhou Yoke through industry resources. After market research we considered Suzhou Yoke a suitable acquisition target, as it had an established and complete socket business line at the time, which could create synergies with our then socket business and complement our product matrix. In September 2023, we acquired 100% equity interest in Suzhou Yoke from its then shareholder, Mr. Wu Caixiang (吳彩祥), an Independent Third Party, at a consideration of RMB10 million. Such consideration was determined based on the assets valuation of Suzhou Yoke by an independent valuer and had been fully settled by October 18, 2024. Upon the completion of such acquisition, Suzhou Yoke became an indirectly wholly-owned subsidiary of our Company. Through our acquisition of Suzhou Yoke, we have integrated its resources, technologies, customers and management expertise and thereby effectively expanded our operational scale and enhanced our overall competitiveness.

Our Directors have confirmed that our acquisition of Suzhou Yoke did not fall within the scope of a major transaction under Rule 4.05A of the Listing Rules, thus the requirements under Rule 4.05A of the Listing Rules are not applicable to such acquisition. Save for the above, we did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our total issued share capital was RMB151,887,826 divided into 151,887,826 A Shares. The voting rights attaching to an aggregate of approximately 38.04% of our total issued share capital was collectively controlled by Mr. Luo and Suzhou Heyang, our Controlling Shareholders, comprising (i) approximately 33.33% of the voting rights directly held by Mr. Luo; and (ii) approximately 4.71% of the voting rights directly held by Suzhou Heyang. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Luo and Suzhou Heyang will collectively control the exercise of the voting rights attaching to an aggregate of approximately [REDACTED]% of our enlarged total issued share capital. For details, see “Relationship with our Controlling Shareholders.”

REASON FOR [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our Company seeks to be [REDACTED] on the Hong Kong Stock Exchange primarily to [REDACTED] further capital for the development and expansion of our business. We consider that the Hong Kong Stock Exchange, as a reputable and internationally recognized stock exchange, is an

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

appropriate [REDACTED] venue to provide us with an additional fund raising platform to access the international equity market. In addition, [REDACTED] on the Hong Kong Stock Exchange would further enhance our business profile and brand awareness in both domestic and overseas markets, thereby attracting overseas talents and promoting our business collaboration with international business partners. For details, see “Business — Our Strategies” and “Future Plans and [REDACTED].”

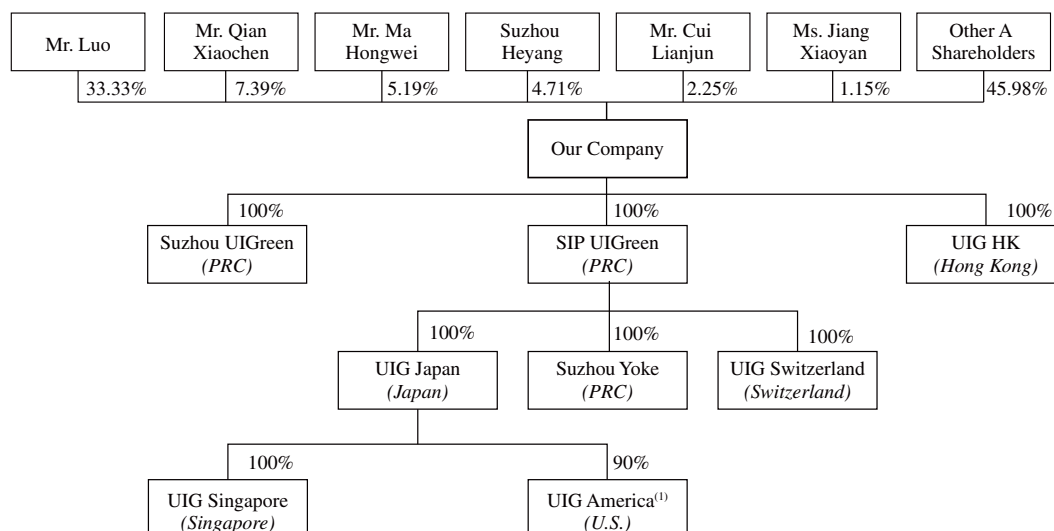
[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure immediately before the [REDACTED]

The following chart depicts our simplified corporate and shareholding structure immediately prior to the [REDACTED]:



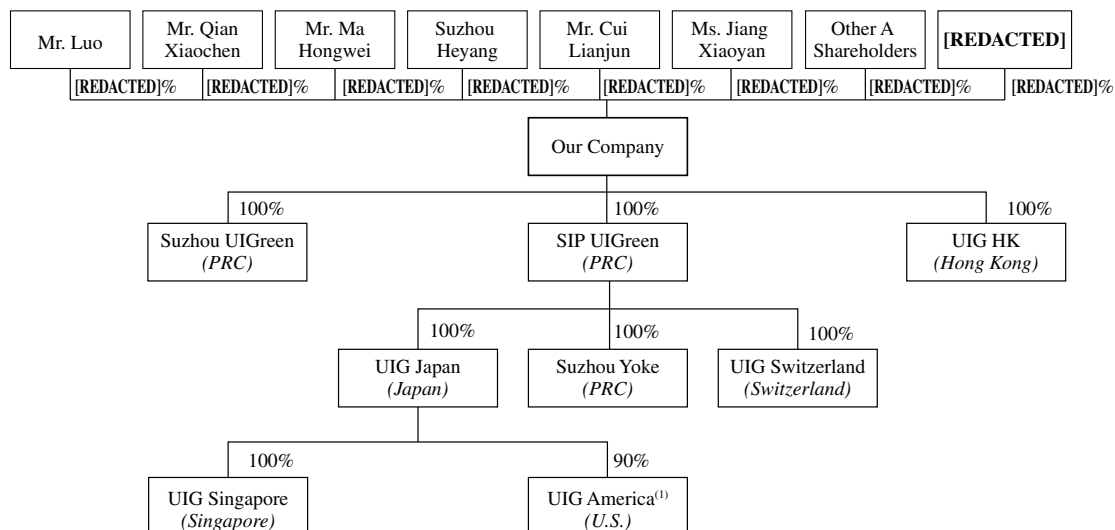
Note:

- (1) The remaining 10% equity interest in UIG America was held by Tag Interconnect, LLC, which is wholly owned by Jeffrey Tamasi, a director of UIG America (an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules) and an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure immediately following the [REDACTED]

The following chart depicts our simplified corporate and shareholding structure immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Note:

(1) See the corresponding note to the chart in “— Corporate Structure immediately before the [REDACTED].”

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OVERVIEW

Who We Are

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 seek to empower global customers with one-stop micro- and nanofabrication solutions and to be a world-class driver of innovation. Our history can be traced back to June 2012 when our Company was established. In 2025, we ranked second in the global MEMS acoustic module micro- and nanofabrication components market in terms of revenue in 2025 with a market share of 12.4%, according to Frost & Sullivan. In the global semiconductor final test (“FT”) probe market, we ranked first among PRC-based companies and fourth among all providers worldwide with a market share of 6.6%. As of the Latest Practicable Date, we were one of only a few PRC-based companies exporting semiconductor FT probes to overseas markets. We were also the first PRC-based company to achieve large-scale production of coaxial probes.

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.

With a customer-led development culture, we integrate product design with end-use scenarios through co-development with customers, which has enabled us to enter the core supply chains of leading consumer electronics and semiconductor companies and to extend into downstream applications in AI, high-performance computing, robotics, and 5G. We serve international brands in consumer electronics, semiconductors and medical devices. Our engagement model is based on joint development, with dedicated cross-functional teams aligned to each key account’s technology roadmap from early design through qualification and ramp-up. This approach increases customer stickiness, embeds our know-how in customer solutions, and raises entry barriers to entry.

Our Performance

During the Track Record Period, we experienced robust growth. Our revenue increased from RMB285.5 million in 2023 to RMB567.9 million in 2024, and further to RMB864.2 million in 2025.

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Below are our achievements over the years:

Leading Market Position	Extensive Market Reach	Robust Financial Performance
 World's No. 2 in the MEMS acoustic module micro- and nanofabrication components market in terms of revenue in 2025	 Market Penetration supplied to seven of the top 10 global smartphone brands in terms of shipment volume in 2025 as of the Latest Practicable Date	 RMB864.2 million revenue in 2025
 World's No. 4, China's No. 1 in the global semiconductor FT probe market in terms of revenue in 2025	 One of Only a Few PRC-based company to export semiconductor FT probes to overseas markets as of the Latest Practicable Date	 CAGR 74.0% of revenue from 2023 to 2025
 First PRC-based company to achieve large-scale production of coaxial probes	 International reach sold to 22 countries and regions overseas as of the Latest Practicable Date	 Over 50 % year-on-year growth rate of export volume in 2025 compared to 2024

Our Offerings

We offer three principal product categories: (i) MEMS micro- and nanofabrication components; (ii) semiconductor test probes; and (iii) miniature transmission systems. The diagram below illustrates our diversified product portfolio across three categories as of the Latest Practicable Date.

MEMS micro- and nanofabrication components	   
  	Semiconductor test probes
Miniature transmission systems	

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- In MEMS micro- and nanofabrication components, we are an approved supplier to leading international brands and deeply participate in their global supply chains. Our MEMS micro- and nanofabrication components are customized to customer specifications. Our portfolio includes (i) electromagnetic interference (“EMI”) shielding covers that protect against magnetic interference and heat while safeguarding chips and other devices in smartphone camera modules, acoustic components and optical lenses; (ii) precision structural parts that protect internal components, provide thermal management and fastening, and integrate functional modules within constrained envelopes; and (iii) micro connectors and related parts that provide electrical and acoustic connectivity and enable signal and data transmission.

Our MEMS micro- and nanofabrication components are widely adopted in mainstream consumer electronics. As of the Latest Practicable Date, our products had been designed into smartphones sold by seven of the world’s top 10 smartphone brands by shipment volume in 2025, according to Frost & Sullivan. We also serve downstream sectors, including medical devices, which generally offer higher margins and attractive growth prospects.

- In semiconductor testing, we supply (i) FT probes and sockets for back-end testing after packaging; (ii) chip probing (“CP”) probes and probe cards for wafer sort before dicing; and (iii) substrate-level test pins for high-density interconnect (“HDI”) and integrated circuit (“IC”) substrates. We are extending our line-up with MEMS-process CP probes and substrate-level fine-pitch solutions to address advanced technology nodes and higher test densities. We design and develop customer-specific products to meet wafer- and chip-level test requirements. Certain subunits, such as probes, clamp lids and thermal management structures, are standardized as modules that can be configured and integrated in different combinations to deliver the final product in accordance with customer specifications.

We have qualified with top international semiconductor designers and manufacturers serving the AI, automotive and consumer electronics end-markets, demonstrating our capability to deliver high-reliability products at scale with competitive yields.

- In miniature transmission systems, we develop high-strength plastic gears, gear trains, and related assemblies for robotics and smart devices. Our miniature transmission systems are customized to customer specifications. We initially targeted cleaning robots and have expanded to additional applications such as drones and other consumer robotics platforms. For cleaning robots, we are developing precision gearbox assemblies that we anticipate will become a significant contributor to revenue over time. In collaboration with a global leading drone manufacturer, we are developing lightweight miniaturized transmission systems for use in gimbal and flight-control assemblies. As of the Latest Practicable Date, we had completed engineering and design validation builds and commenced pilot production runs for customer qualification.

Our Technologies

We are committed to continuous development in micro- and nanofabrication. Guided by a focus on technology and our customers, we deliver one-stop solutions across the value chain to global blue-chip customers. As of December 31, 2025, our R&D team comprised 152 professionals with

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relevant industry experience gained at our company and at leading domestic and multinational micro- and nanofabrication companies. Our R&D agenda is tightly aligned with customer needs and our market strategy. In parallel, we invest in foundational research into properties of materials and pursue a forward-looking research pipeline to position us at the forefront of the industry.

We have continuously enhanced our micro-precision stamping capabilities. We are experienced in high-speed, high-precision, and complex deep-draw stamping. Leveraging our micro-precision stamping capabilities, integrated with micro-injection molding, we deliver industry-leading performance. Generally, our stamping-based process has replaced conventional machining. Through optimized design, mold development, and process verification, this approach has achieved a stabilized yield of around 95%, reduced unit costs, and demonstrated strong scalability. The molds and process parameters can be reused for similar products, effectively supporting large-scale and cost-efficient production. Microphones incorporating our EMI shields have achieved signal-to-noise ratios (“SNR”) of approximately 73 to 75 dB, compared with an industry average of approximately 70 dB.

Our semiconductor test probe business has an established position in FT probes and is developing CP probes and substrate test pins to strengthen our technical capabilities further and expand our product portfolio. These products address fine pitch and high-density applications and are designed to deliver consistently high yields. Designed to handle higher current levels, our probes address a wider range of semiconductor testing scenarios. We have adopted a laser-based fabrication process for our semiconductor test probes. Compared with the prior electroplating process, probes produced using this method exhibit higher material density and greater mechanical strength, enhancing durability in use. In the field of industrial surface treatment, conventional electroplating processes are associated with drawbacks such as high risk of chemical pollution and weak coating adhesion, typically limiting the lifespan of probes to around 500 thousand to 1 million test cycles. In contrast, the laser-based fabrication process employs high-energy-density lasers to clad metal powder layer by layer, resulting in higher material density, enhanced mechanical strength, and improved durability — with test lifespans of up to approximately 1.5 million cycle and a capacity of up to 30,000 pins per probe.

Drawing on our accumulated technology and process expertise, we enable customers to develop and produce products that reduce cost and improve performance. For example, we worked with a customer to redesign the manufacturing route for a pressure-sensor shielding cover, replacing conventional machining with a stamping-based process. We led design-for-manufacture, tooling development and process validation, enabling volume production with shorter cycle times, higher throughput and more stable yields, thereby reducing unit costs and improving scalability. The solution has since been referenced for comparable components and has helped establish a preferred process pathway for such parts.

Market Opportunities

We operate in fast-growing markets with significant potential. We believe our end markets are supported by several structural growth drivers, including:

- *MEMS micro- and nanofabrication components.* MEMS sensors continue to penetrate consumer, automotive, industrial, medical and communications markets. The convergence of AI and the Internet of Things (“IoT”) is raising requirements for sensor accuracy, intelligence and density. In AI applications, tighter specifications for data acquisition are making MEMS sensors a critical underpinning hardware layer. In IoT deployments,

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increasing system complexity and node counts drive higher sensor content per device. These trends are expected to support sustained growth in demand for MEMS precision components and related micro- and nanofabrication solutions.

- *Semiconductor test probes.* Rapid advances in AI computing are increasing both the volume and the complexity of semiconductor testing. Growing shipments of AI processors are expected to drive higher demand for semiconductor test probes across front-end CP and back-end FT. At the same time, process node transitions and more complex device architectures are raising test intensity and technical requirements — finer pitch, tighter planarity, and more stringent thermal control — which, in turn, increase value per pin.

Advanced packaging, particularly chiplet architectures, is scaling quickly. Disaggregating large system on chip (“SoC”) into multiple chiplets requires full die-level screening at the chiplet stage to protect yield, materially increasing consumption of probes, probe cards, and related test equipment. As chiplet solutions move from 2D to 2.5D and 3D integration, test density and complexity continue to rise, expanding the addressable market for fine-pitch, high-reliability probes and supporting the volume ramp of our semiconductor test probe products.

- *Miniature transmission systems.* Emerging applications in robotics and intelligent devices are creating new demand for miniature transmission systems. The growth of robotic vacuum cleaners, together with the expected expansion of use cases for next-generation humanoid and autonomous platforms, is increasing the requirements for high-strength micro gears, gear trains, and compact gearboxes.

Global Strategy and Outlook

We are executing a global strategy to access top engineering talents, stay close to key customers and enhance supply chain resilience. During the Track Record Period, we primarily relied on resources in the Chinese Mainland, notably our research and development and manufacturing capabilities, to support overseas operations, while capitalizing on the distinct locational advantages of our subsidiaries in different markets. As part of our global strategy, we have established specialized subsidiaries in key markets with R&D and commercial functions. We have subsidiaries in Japan, Switzerland, the U.S. and Singapore, forming a network that spans R&D, production and sales. Our Japan subsidiary focuses on probe card R&D, design and validation, and our Switzerland subsidiary develops ultra-precision automation equipment. Our U.S. subsidiary serves customers across North America, while our Singapore subsidiary functions as our marketing hub for Southeast Asia. Through this global footprint, we aim to shorten lead times, strengthen field support, and accelerate customer qualifications, while deepening relationships with existing blue-chip customers and increasing our share within those accounts.

OUR COMPETITIVE STRENGTHS

Market-leading position underpinned by advanced micro- and nanofabrication capabilities

We are one of the world’s leading providers of micro- and nanofabrication solutions, specializing in the design, development and production of MEMS micro- and nanofabrication components and semiconductor test probes. We are also applying our micro- and nanofabrication know-how to enter the miniature transmission systems market. Our history has shaped our capabilities and informs our

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strategy. Since our inception in 2012, we have been an early mover in the micro- and nanofabrication industry. In 2012, when the industry was still at an early stage, we identified the potential of MEMS across consumer electronics and committed to focused R&D in MEMS components. We have invested consistently since then to advance our technologies and to keep pace with, and at times drive, industry progress. In 2017, recognizing the strategic importance of semiconductors, we leveraged our micro- and nanofabrication expertise to build and launch a comprehensive portfolio of semiconductor test probes for FT applications. These decisions placed us in markets that benefit from both rising unit volumes and increasing content per device, and in which approved incumbents are typically retained, helping to preserve market share.

Consistent strategy execution has produced leadership, as reflected in our rankings across our market segments and our embedded roles in the supply chains of leading global customers.

According to Frost & Sullivan, by revenue in 2025:

- We ranked second in the global MEMS acoustic module micro- and nanofabrication components market with a market share of 12.4%;
- In the global semiconductor FT probe market, we ranked first among PRC-based companies and fourth among all providers with a market share of 6.6%;
- As of the Latest Practicable Date, we were one of only a few PRC-based companies exporting semiconductor FT probes; and
- We were the first PRC-based company to achieve large-scale production of coaxial probes.

Embedded in blue-chip customer workflows with rapid response, achieving high customer retention

Delivering highly customized solutions is a core competitive advantage that builds durable, long-term relationships and an expanding customer base. These relationships, in turn, are the foundation of sustained growth in micro- and nanofabrication. We pursue a design-in strategy, engaging early in key accounts’ development cycles and leveraging advanced micro-mold design, assembly and commissioning capabilities, and purpose-built equipment and processes. Joint R&D and customization secure qualification of our solutions in customers’ production flows, creating switching costs and supporting high retention.

In addition to our design-in expertise, our customers require reliable, fast delivery and flexibility to adapt to their program changes. Our responsiveness accelerates customers’ development cycles and can confer a competitive advantage. Our end-to-end capabilities from design to manufacturing enable us to respond to specific customer needs within short timeframes. Early engagement and focused R&D, coupled with flexible, scalable lines that ramp quickly, enable rapid redeployment across products and markets and an efficient response to diverse customer needs.

For micro- and nanofabrication components, structural design is critical in determining end-product performance. Even for parts destined for the same end product, design differences can materially affect performance and reliability. As a result, customers typically require bespoke structural solutions and place a premium on suppliers’ customization capabilities. We have prioritized building these capabilities and working with customers from the earliest product definition and front-end design

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stages through manufacturing. Our deep involvement across the full product lifecycle continually strengthens our customization capabilities, creating a reinforcing cycle of learning and improvement. Over time, we have developed strong product and mold design competencies, mature process engineering capabilities, and extensive experience optimizing the structural design of precision micro-electronic components and devices.

As of the Latest Practicable Date, we had been qualified into the supply chains of leading global consumer electronics companies and had become a major supplier to leading semiconductor manufacturers. Entry into their supply chains typically requires lengthy qualification cycles, stringent reliability and yield performance, and full process traceability. Our export track record in FT test probes further reflects our ability to meet international customer standards on performance, quality and delivery consistency. Supplier qualification for our products typically takes several months to a year. Once qualified, replacement by a new supplier generally requires requalification of critical processes, which supports customer retention and pricing stability.

Integrated R&D-to-manufacturing, enabling efficient commercialization and scalable output

Sustained innovation in micro- and nanofabrication, is the cornerstone of our business. Through joint development programs with industry leaders, our engineers have developed deep familiarity with international technical standards and customer qualification processes, helping ensure our products meet demanding customer requirements.

Over time, we have built strong technical capabilities across each of our focus areas.

- In MEMS micro- and nanofabrication components and miniature transmission systems, we have developed advanced tooling and mold design capabilities. We are experienced in high-speed, high-precision, and complex deep-draw stamping. Leveraging our micro-precision stamping capabilities, integrated with micro-injection molding, we deliver industry-leading performance. Microphones incorporating our EMI shields have achieved SNR of approximately 73 to 75 dB, compared with an industry average of approximately 70 dB.
- In semiconductor test probes, we have established significant R&D and process know-how across key barriers to entry, including (i) structural design of probe architectures; (ii) high-frequency signal-integrity modeling and optimization for insertion loss and return loss; (iii) micro-precision metal forming; (iv) micrometer-scale, low-roughness surface finishing; and (v) dedicated, high-yield probe assembly lines. Development cycles for certain core technologies can exceed three years, reinforcing the high technical threshold for new entrants. We have built capabilities across these areas and continue to invest to extend our lead.

Our capabilities are evidenced by our internally developed CP probes, FT probes, sockets, and wafer probe cards, which are used in testing AI processors, power management ICs, and 5G RF chips. By advancing materials science, including improving probe conductivity and durability under high-temperature, high-current conditions, and by refining manufacturing processes such as micrometer-precision micro-stamping and electroplating, we believe we have achieved advances in segments historically dominated by international suppliers. Our Blade-C and Blade-D probe series, designed for high-precision testing of AI and

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power-management chips, maintain stability and durability from -50°C to 175°C and, based on internal testing, deliver approximately 15% lower contact resistance and 20% higher durability versus prior-generation designs under specified conditions.

Our technology portfolio is reflected in our intellectual property. As of the Latest Practicable Date, we held 122 granted patents, and had cumulatively filed 216 patent applications in the PRC. As of the same date, we were also granted two patents in the U.S.

Robust quality control delivering consistency at scale

We specialize in high-volume micro- and nanofabrication, consistently achieving high production yields. In the micro- and nanofabrication industry, final test yield is a critical metric for evaluating a company’s manufacturing capabilities. This yield represents the percentage of fully manufactured and packaged devices that successfully pass all final quality assurance and performance tests before shipment to the customer. During the Track Record Period, our production yields for MEMS micro- and nanofabrication components, semiconductor test probes and miniature transmission systems remained high and improved year over year. The final test yields for MEMS micro- and nanofabrication components were 93.5%, 94.6% and 93.1% in 2023, 2024 and 2025, respectively; while our semiconductor test probes achieved 96.8%, 97.3% and 96.3%. Since commercial launch, our miniature transmission systems achieved final test yields of 98.4% in 2023, 98.3% in 2024, and 95.3% in 2025. By comparison, the 2024 industry-average yields were 93.0% for MEMS micro- and nanofabrication components, 95.0% for semiconductor test probes, and 95.0% for miniature transmission systems. Our sustained high final test yields, which surpass the industry average, represent a cornerstone of our core competitive advantage. This lead, while seemingly marginal, delivers exponential value across our business. First, on a financial level, it translates directly into significant cost advantages. A higher yield minimizes scrap costs and enhances both capital and production efficiency, allowing us to meet market demand with fewer resources, thereby driving superior profitability and gross margins. Second, from an operational and technical standpoint, this achievement is a testament to our exceptional control over the hundreds of complex process steps, from wafer fabrication to final testing. It signifies a mature manufacturing process, stable product performance, and greater supply chain predictability, forming a robust technological moat. Ultimately, at the market and customer level, high yield is synonymous with superior product quality and long-term reliability. This has earned us deep-seated trust from our clients, especially those in mission-critical sectors. This solidifies our position as a preferred, low-risk supplier and provides a firm foundation for our sustainable growth and market expansion.

We have spent more than a decade building core competencies in manufacturing technologies and production processes, which we believe gives us a first-mover advantage in this field. Our customers apply rigorous supplier-approval procedures. Our status as a key supplier and our strategic relationships with several leading global companies demonstrate our manufacturing capacity and quality performance. These capabilities enable efficient resource allocation and rapid, large-scale production ramp-ups. We believe our accumulated industry know-how and micro- and nanofabrication experience create a high barrier to entry for potential competitors.

Multiple global OEMs have validated our production capabilities. In MEMS acoustic components, our EMI shielding covers have been designed into flagship true wireless stereo (“TWS”) earbuds from a leading global consumer electronics brand, a category with stringent acoustic performance requirements.

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Experienced leadership team and disciplined execution supporting long-term growth

Our development has been guided by an experienced and forward-looking management team with deep expertise in micro- and nanofabrication. Since our founding in 2012, when MEMS, microfabrication and nanofabrication technologies were still nascent, both the market and our Company have evolved significantly. Throughout this period of change, our management has made sound strategic decisions that allowed us to adapt to change, strengthen our competitive position, and achieve long-term growth.

Our senior management is supported by specialized functional departments with deep industry expertise. These teams pair disciplined execution with a sharp focus on customers. We work to understand the exacting needs of leading global customers and respond with speed and precision. We break down internal barriers, share resources, and cultivate partnerships that create mutual value. We hold ourselves to high standards of integrity and accountability, act responsibly toward all stakeholders, and remain focused on long-term value creation. We believe these strengths and values are the foundation of our sustainable growth.

Our execution capabilities are exemplified by our R&D and sales and delivery teams.

- We prioritize building a technically sophisticated R&D team, as we believe talent is critical to sustaining our competitive position. As of December 31, 2025, we had a globally oriented R&D team of approximately 152 professionals. Our team includes professionals with prior working experience at international industry leaders.
- Our sales and delivery team, led by seasoned professionals, works closely with our engineering team to accelerate delivery while maintaining consistently high quality.

OUR STRATEGIES

Accelerating technology innovation and R&D to maintain technology leadership

We plan to increase investment in innovation while remaining focused on customer needs, product enhancement and quality assurance. We will continue to upgrade our product portfolio. We intend to focus on the R&D of MEMS acoustic and optical components. We also plan to develop high-pin-count semiconductor test probes capable of high-frequency, high-current operation, and miniature transmission systems for deployment across multiple industries.

We intend to establish a global R&D footprint through the organic integration of our PRC-based R&D headquarters with our international R&D centers into a unified platform. In particular, we plan to continue to invest in talent and capabilities, add senior technical leaders and strengthen training across all levels. We are refining our performance management and incentive programs to reward contributions in research, product innovation, and intellectual property, to sustain a scalable, high-performing R&D organization.

The implementation of this strategy will be supported by the [REDACTED] from the [REDACTED], which will primarily be used to advance the R&D of next-generation products, including high-end semiconductor FT probes for AI chips, soft and flexible probe technologies and test sockets, as well as thermal management solutions for GPU chips. These initiatives are expected to

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enhance our capabilities in advanced materials, micro-structure design and high-frequency signal integrity optimization, and further strengthen our competitiveness in AI computing, high-performance memory and next-generation semiconductor applications.

We will also expand our R&D team across our MEMS, semiconductor test probe and miniature transmission systems business lines, which will enhance our innovation capacity and accelerate the commercialization of R&D outcomes.

Pursuing joint development with leading customers to strengthen customer engagement

We are refining our joint development model to collaborate more closely with customers and address their specific requirements. In addition to responding to customer specifications, we intend to leverage our design-in capabilities to shape and lead the design and development of their future products. For each major customer, we plan to establish a dedicated cross-functional team spanning R&D, engineering, procurement and quality. In total, we plan to establish 10 to 15 cross-functional teams, each team comprising approximately 3 to 5 representatives from each participating department. These teams will align with the customer’s technology roadmap, engage earlier in the development cycle and shorten time to qualification. We believe this approach will strengthen customer engagement, embed our practical know-how in customer platforms and raise entry barriers for new market participants.

We will improve cross-functional coordination and align our product lines to deliver a unified offering. We will strengthen the partner ecosystem that supports our MEMS portfolio covering key suppliers, manufacturing partners and channels, and deepen our coverage in China and international markets. Through co-development with industry leaders, we plan to accelerate commercialization, expand our technical accumulation and upgrade our marketing toolkits. We will pool resources across our domestic and overseas subsidiaries and leverage major trade shows and industry associations to enhance go-to-market execution. Our objective is to deepen engagement with key accounts, increase our share of customer spending and gain market share.

The expansion of our sales and marketing team and enhancement of our customer-facing technical support capabilities are expected to facilitate earlier customer engagement, strengthen joint development execution and improve customer conversion and retention rates. In addition, we intend to pursue selective strategic investments in companies within our sector or along our downstream value chain. Such investments are expected to complement our joint development strategy by enhancing our access to complementary technologies, expanding our solution offerings and strengthening collaboration with ecosystem partners.

Expanding our overseas footprint to increase international reach and market share

The global micro- and nanofabrication industry offers meaningful growth opportunities. According to Frost & Sullivan, the global MEMS market is projected to grow from RMB124.6 billion in 2025 to RMB170.9 billion by 2030, at a CAGR of 6.7 % from 2026 to 2030; the global semiconductor test probe market is expected to expand from RMB12.1 billion to RMB16.7 billion over the same period, at a CAGR of 6.6% from 2026 to 2030; while the global miniature transmission systems in sweeping robot market is forecast to increase from RMB10.7 billion in 2025 to RMB23.1 billion in 2030, at a CAGR of 17.0% from 2026 to 2030.

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We are building a global operating platform that leverages regional strengths, keeps us close to customers, gives us access to top talent and mitigates supply-chain risk. Through subsidiaries in Japan, Switzerland, the U.S. and Singapore, we have established a network spanning R&D, manufacturing and sales. Our Japan subsidiary will focus on developing CP probe technologies for high-performance computing and memory devices. Our Switzerland subsidiary will focus on developing ultra-precision automation equipment and advancing assembly technologies. Our U.S. subsidiary serves the North American market, and our Singapore subsidiary serves as our Southeast Asia marketing hub. Through this global footprint, we aim to deepen relationships with existing international blue-chip customers, increase our share within those accounts and win new customers with meaningful market influence.

Our efforts to upgrade and expand our domestic and overseas marketing and distribution networks are expected to strengthen our localized sales capabilities, enhance brand visibility in key overseas markets and improve sales execution efficiency.

OUR BUSINESS MODEL

We provide end-to-end micro- and nanofabrication solutions tailored to customer requirements. We design and manufacture to customer specifications, combining design enablement, prototyping, pilot runs, volume manufacturing, packaging and test under one roof, allowing customers to move from concept to qualified production with a single partner.

Our products are highly customized, with design, structure, dimensions and performance parameters tailored to the requirements of individual customers and end-brand original equipment manufacturers (“OEMs”). Therefore, we primarily collaborate with component and end-product manufacturers to jointly design and develop products. In most cases, we deploy engineers to participate in front-end design with module manufacturers or end customers, jointly defining technical specifications and the manufacturing plan; following internal and customer review, we proceed to tooling and pilot production and commence volume supply upon customer acceptance of pilot lots. In other cases, customers provide drawings or design requirements. We evaluate the initial design, discuss proposed modifications with the customer, and agree on the final design and manufacturing plan, after which we design tooling and conduct pilot runs. Upon customer approval of the pilot, we move to mass production.

By engaging at the earliest stages of product design, we gain a comprehensive understanding of our customers’ strategic objectives and the blueprint of their end-product development. Leveraging these insights, we utilize our industry-leading micro-nano fabrication capabilities to deliver products that align seamlessly with our customers’ requirements.

OUR PRODUCTS

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.

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Our products can be used across semiconductor manufacturing and electronics production, automotive electronics, security and surveillance, consumer electronics and smart devices, industrial and IoT, and healthcare devices. EMI shielding covers are used with MEMS sensors in consumer and security applications. Precision structural components are used in smartphone and automotive camera modules. Precision connectors are used to transmit power, signal and data in smartphones, tablets and wearables such as TWS earbuds and smartwatches. Plastic sockets are used for production testing and burn-in of mobile and consumer SoCs, power management ICs, memory, and automotive microcontrollers and sensors. MEMS probe cards are used for wafer-level testing of inertial sensors, magnetometers, barometric and pressure sensors and flow sensors. Gearbox assemblies are used in intelligent cleaning robots and other smart home devices.

The table below sets forth the revenue contributions from each product line during the Track Record Period.

	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>	<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						
— 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>	<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	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.	<u>285,514</u>	<u>100.0</u>	<u>567,900</u>	<u>100.0</u>	<u>864,186</u>	<u>100.0</u>

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.

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The table below sets forth the sales volume, average selling price, and the price range of major product lines during the Track Record Period.

	Year ended December 31,								
	2023			2024			2025		
	Sales Volume	Average selling price ⁽¹⁾	Price Range	Sales Volume	Average selling price ⁽¹⁾	Price Range	Sales Volume	Average selling price ⁽¹⁾	Price Range
	(Thousand units)	(RMB)	(RMB)	(Thousand units)	(RMB)	(RMB)	(Thousand units)	(RMB)	(RMB)
MEMS micro-and nanofabrication components									
— EMI shielding covers . . .	1,323,609	0.1	0.02–3,710.92	1,602,622	0.1	0.02–270.00	1,606,221	0.1	0.0001–1,490.00
— Precision structural components	98,845	1.0	0.07–51,327.43	116,888	0.8	0.07–38,495.6	199,302	0.9	0.04–80,000.00
— Precision connectors . . .	18,151	0.5	0.07–1,635.39	67,642	0.2	0.03–10,800.00	25,880	0.4	0.07–9,060.00
<i>Subtotal</i>	<i>1,440,605</i>	<i>0.1</i>		<i>1,787,153</i>	<i>0.1</i>		<i>1,831,403</i>	<i>0.2</i>	
Semiconductor test probes									
— Pin	7,899	6.2	0.43–585.08	11,167	4.8	0.35–468.57	12,785	6.3	0.57–239.13
— Plastic sockets	2	3,239.1	66.00–85,000.00	6	7,618.9	4.50–124,044.48	7	21,589.2	144.18–152,217.70
— Other semiconductor test probes	284	5.3	3.54–5,000.00	332	53.5	1.22–38,259.87	851	28.2	1.12–68,141.59
<i>Subtotal</i>	<i>8,185</i>	<i>7.1</i>		<i>11,167</i>	<i>4.8</i>		<i>13,626</i>	<i>19.0</i>	
Miniature transmission systems	2,158	1.9	0.18–653.31	21,642	7.1	0.18–161.05	10,656	17.4	0.19–2,477.88
Total	1,450,948			1,820,300			1,855,685		

Note:

(1) Average selling price is calculated by dividing revenue by the corresponding sales volume during the same year.

MEMS Micro- and Nanofabrication Components

Our MEMS micro- and nanofabrication components fall into three categories: (i) EMI shielding covers; (ii) precision structural components; and (iii) precision connectors. EMI shielding covers are small metal covers that block electromagnetic interference and limit heat entering the protected area, protecting components, circuits, cables, or complete modules. Precision structural components are parts or sub-assemblies that support and secure electronic and electroacoustic elements. They often have complex geometries and tight tolerances. Precision connectors create electrical links and carry power or signals between devices, modules, and systems, and are foundational to finished equipment. Our MEMS micro- and nanofabrication components are customized to customer specifications.

As MEMS adoption has accelerated, we have pushed our micro- and nanofabrication to smaller geometries and higher throughput, and introduced multi-cavity, multi-row/multi-column tooling and high-speed line layouts under high-precision production controls. These upgrades have improved quality, increased capacity, and deepened programs with key customers. Through in-house innovation and forward-looking design, we also developed components for next-generation devices and moved

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early to refresh our products and processes in line with expected technology roadmaps. We closely follow the technical requirements of our major clients, communicate frequently with them, discuss and improve on the technical level, and launch multiple new models of products to meet their needs.

The table below summarizes our MEMS micro- and nanofabrication component portfolio.

Product Type	Primary Function/Use Case	Key Performance Metrics	Typical End-use Applications
EMI shielding covers . .	Sensor packaging	RF interference immunity: 70dB	MEMS sensors used in consumer electronics, such as smartphones and AR/VR headsets, as well as medical hearing aids
Precision structural components	Structural components for optical camera modules	Tight dimensional tolerances: ± 0.01 mm	Smartphone camera modules
Precision connectors . . .	Core component enabling signal, current, or data transmission in electronic devices	High-frequency signal transmission: 10 GHz data transfer rate; High current capacity: 17A	Smartphones and tablets, TWS earbuds, smartwatches, and bracelets

Technological Advancement

MEMS micro- and nanofabrication components are technically demanding and draw on materials science, micromachining, acoustics, and electronics. As end-market use has expanded, technology and performance have advanced quickly.

Key attributes of our products are:

- *Shielding performance.* Our EMI shielding covers are used mainly in MEMS microphones to prevent external interference from degrading the internal signal. At the device level, shielding performance is reflected in the microphone’s SNR. SNR measures the strength of the desired signal relative to background noise. A higher SNR is better because the signal sits further above the noise floor, yielding clearer, more accurate results with fewer errors and more design margin. Market-standard MEMS microphone SNRs enabled by typical shields are about 70 dB, according to Frost & Sullivan. With our advanced cavity and grounding designs, customers’ microphones using our shields have achieved SNRs of approximately 73 to 75 dB;
- *High-precision production.* Tight dimensional control is critical to performance and high-volume yield. Variations reduce efficiency and can compromise the reliability of the products. Through advanced micro-mold designs and micro- and nanofabrication capabilities, we hold the dimensional tolerance of the formed cavity to ± 0.012 mm and angularity to

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± 0.025 mm, versus an industry average of about ± 0.025 mm and ± 0.05 mm, respectively, according to Frost & Sullivan. This tighter control stabilizes internal volume and wall angles, improves shielding and acoustic consistency, and raises assembly yield;

- *Product size.* Compact design is a key trend in consumer electronics, raising the need for smaller components without sacrificing performance. We have developed miniature EMI shielding covers measuring $3.17\text{ mm} \times 1.82\text{ mm} \times 0.67\text{ mm}$, compared with typical market products of around $3.40\text{ mm} \times 2.60\text{ mm} \times 0.75\text{ mm}$, which frees board space and supports thinner, higher-density designs;
- *Environmental adaptability.* As MEMS are deployed in harsher settings, such as underwater or dusty environments, we have enhanced waterproof and dustproof performance through proprietary designs. MEMS microphones and pressure sensors that integrate our EMI shielding covers have achieved IP67 or higher ratings in testing, supporting reliable operation in demanding conditions; and
- *Mass-production yield.* High-volume yield is critical to product quality and cost. With advanced equipment, optimized processes, precision tooling, and strict quality controls, our mass-production defect rate is about five parts per million, which means roughly five defective parts for every one million units produced.

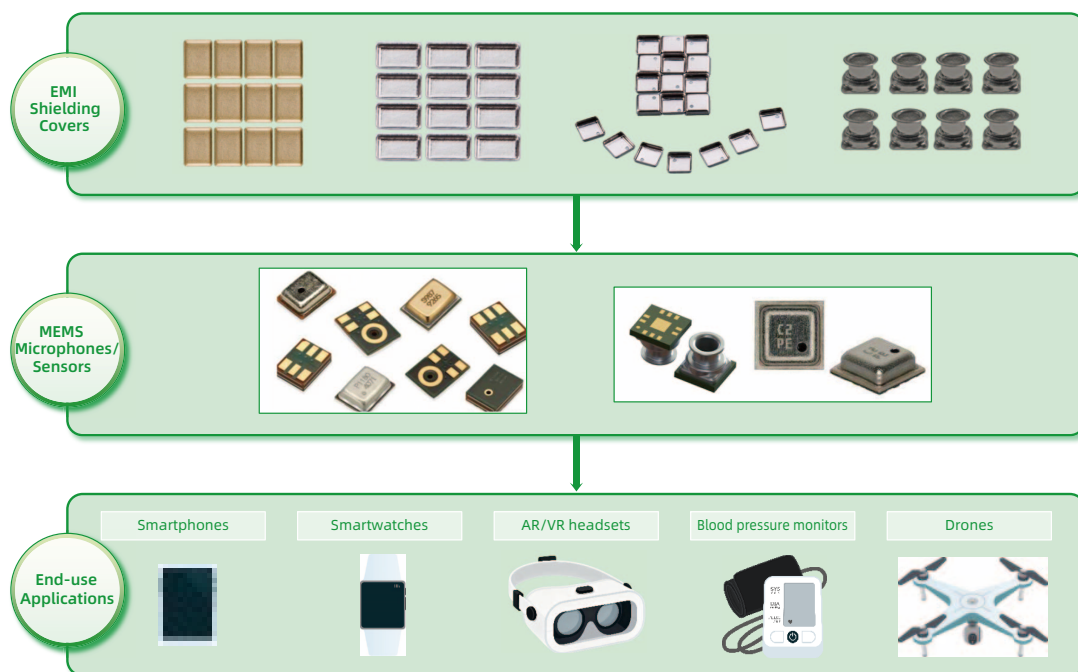
End-use Applications

EMI Shielding Covers

Our EMI shielding covers are used across a broad range of applications with strong market demand. They are used primarily in consumer electronics, including smartphones, smartwatches, AR/VR headsets, drones, and are also used in medical electronics, automotive electronics and optical modules.

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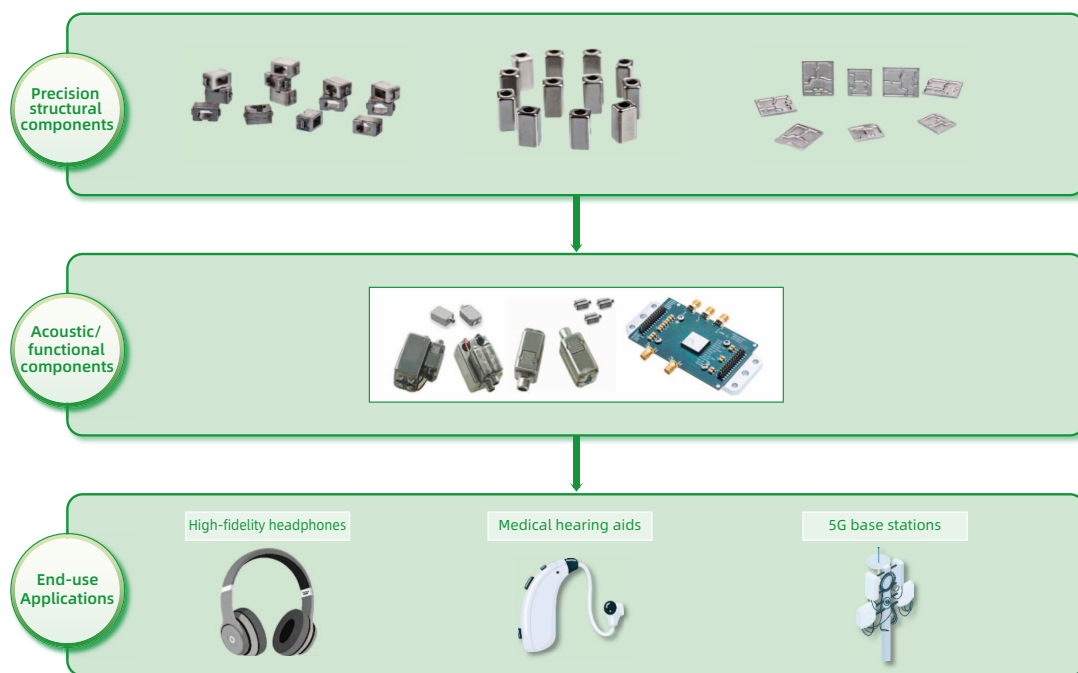
Some of the end-use applications for our EMI shielding covers are illustrated below.



Precision Structural Components

Our precision structural components primarily include acoustic components used in high-fidelity headphones and medical hearing aids, as well as functional components used in telecommunications base stations, automotive electronics and medical equipment.

Some of the end-use applications for our precision structural components are illustrated below.

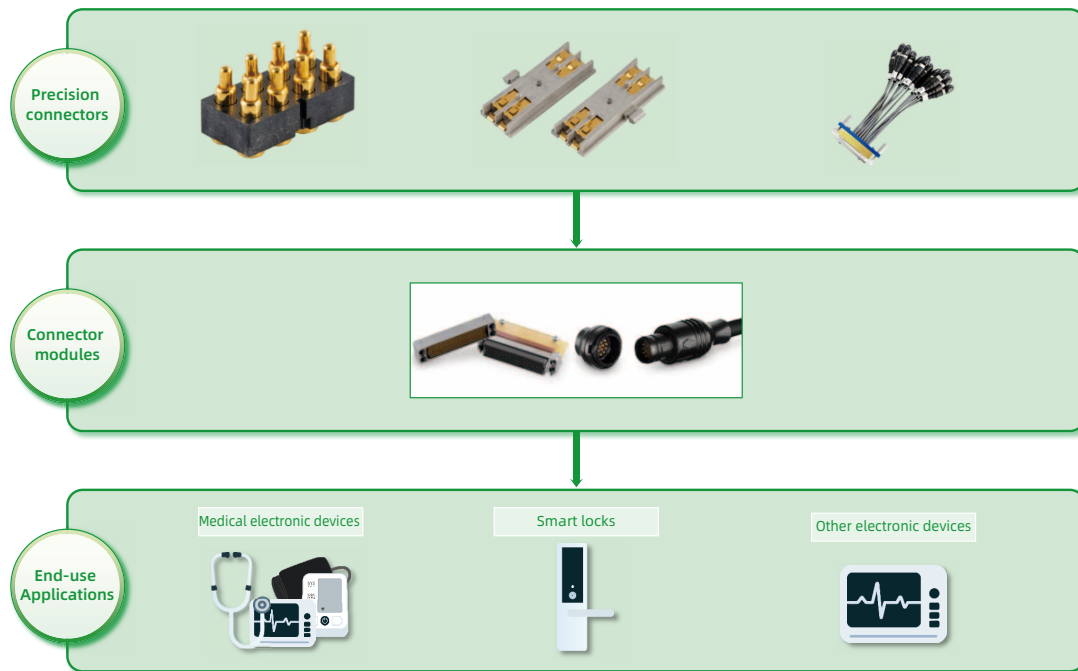


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Precision Connectors

Our precision connectors are used primarily in medical electronic devices and in smart home products such as smart locks. Certain of these connectors and components are also supplied as supporting parts for our other product lines.

Some of the end-use applications for our precision connectors are illustrated below.



Semiconductor Test Probes

Our semiconductor test probes are high-precision electronic components used throughout the semiconductor test flow. They provide the electrical interface between the device under test and automated test equipment, creating a reliable contact to transmit signals and measure continuity, current, functional responses and aging or reliability characteristics. As a critical consumable, the probe directly affects test integrity, throughput and the overall cost of test. We design and develop customer-specific products to meet wafer- and chip-level test requirements. Certain subunits, such as probes, clamp lids and thermal management structures, are standardized as modules that can be configured and integrated in different combinations to deliver the final product in accordance with customer specifications.

These probes are used at all major stages of chip testing. During design verification, they support device characterization and debugging to confirm that a new design meets its specifications. At the CP stage, a probe card containing an array of probes is installed on the probe station to contact each die on the wafer. The objective at this stage is to identify defective dies before packaging, which reduces downstream packaging and final test costs. After packaging, during the FT stage, probes are integrated into test sockets that operate with handlers and testers to confirm compliance with delivery standards and to identify defective chips.

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Across these stages, every test requires two foundational steps. First, the chip’s pads, pins or solder balls must be electrically connected to the tester. Second, the tester applies defined input signals and measures the outputs to determine whether functional and performance specifications are met. The quality and consistency of probe contact are therefore essential. Stable and low contact resistance, fine pitch capability, adequate current carrying capacity, controlled contact force, minimal pad damage, high cycle life and robust performance across temperature ranges all contribute to accurate results, higher yields and better cost control.

Our probe products are designed for use at both CP and FT stages and are compatible with mainstream automated test equipment, probe stations and handlers. By enabling reliable signal transmission and repeatable electrical contact, they support effective fault isolation and data analysis, which in turn inform design, manufacturing and assembly-test process improvements. This role makes test probes an indispensable consumable in semiconductor assembly and test operations.

Our semiconductor test probe products are available in several forms, including pins, plastic sockets and other semiconductor test probes, which primarily comprise MEMS probe cards. The table below summarizes highlights of our semiconductor test probe portfolio.

Product Type	Primary Function/Use Case	Key Performance Metrics	Typical End-use Applications
Plastic Socket	A compliant electrical interface between packaged ICs and automated test equipment for engineering characterization, final test and burn-in.	Current-carrying capacity: 5A; Insertion loss and return loss: 65 GHz @ -1 dB, 65 GHz @ -15 dB	Production and burn-in of mobile/consumer SoCs, power management ICs and memory; automotive microcontrollers and sensors
MEMS Probe Card . . .	Wafer-level electrical access, stimulus coupling and calibration for MEMS sensors and actuators during wafer sort.	Test minimum pitch: 45µm; Test life: 1.5M TD; Test pin count: 35K pins	Inertial sensors (accelerometers, gyroscopes, and inertial measurement units), magnetometers, barometric/pressure and flow sensors.

Technological Advancement

Semiconductor test probes are critical consumables in chip testing. Their quality directly affects measurement accuracy, test throughput, and overall cost of the test.

Key attributes of our products are:

- *Bandwidth.* With the shift to higher frequency operation in advanced devices, probes must maintain signal integrity at high frequencies with low insertion loss. Through optimized structural design and tight control of material resistivity, our probes achieve 50 GHz at 1 dB insertion loss, compared with an industry average of approximately 10 GHz at 1 dB, according to Frost & Sullivan. Higher bandwidth at a fixed loss level preserves signal integrity at high frequencies, enabling accurate characterization of high-speed and millimeter-wave devices and expanding test coverage while reducing measurement uncertainty;

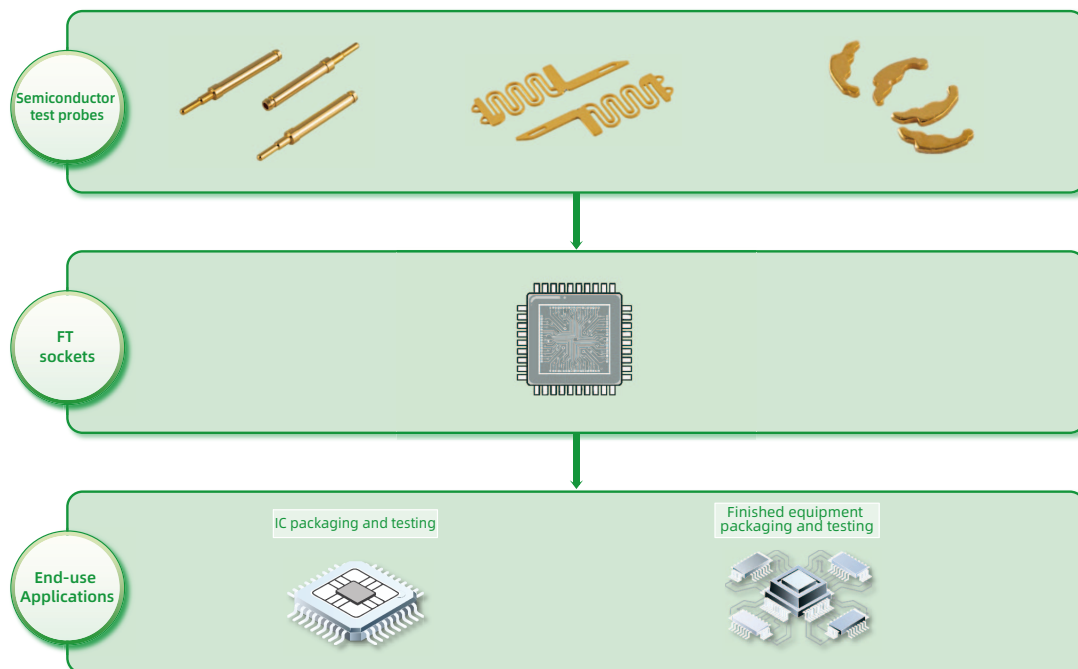
BUSINESS

- *Current-carrying capacity.* Rising device power levels require probes with higher load capability to avoid thermal or mechanical failure during tests. This metric is typically stated as maximum current at a given pin pitch. Our probes are rated at 4A per contact on 0.40 mm pitch, compared with an industry average of approximately 2A.
- *Precision and consistency.* Reliable results depend on tightly controlled contact force and geometry. Insufficient force can cause intermittent contact, while excessive force can damage pads. We maintain contact force within 10% of the customer-specified setpoint and hold probe tip dimensional tolerances to five micrometers in high-volume production.
- *Miniaturization.* As device geometries scale and input/output (“I/O”) densities increase, fine-pitch contacting becomes critical. Using proprietary assembly equipment, we achieve alignment accuracy within two micrometers. In high-volume production, our probes support testing at a 0.15 mm pin pitch, versus a domestic industry average of 0.30 to 0.40 mm.
- *Durability.* High cycle life reduces maintenance events, such as replacement, cleaning and recalibration, increases probe station utilization and lowers cost of test. Utilizing advanced surface treatment processes, our probes are qualified for a service life exceeding 500 thousand contact cycles.

End-use Applications

Our semiconductor chip test probe portfolio is used primarily in the testing stages of IC and other semiconductor device manufacturing and is a critical consumable for quality control and yield management.

Some of the end-use applications for our semiconductor test probes are illustrated below.



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Miniature Transmission Systems

Our miniature transmission systems comprise polymer gears and integrated micro gearboxes used for motion and power transmission in compact electromechanical platforms. These products are engineered for applications that demand high torque density, low noise, tight positional control and long service life within severe space and weight constraints. Our miniature transmission systems are customized to customer specifications. Primary end-uses include joint transmissions in robotic arms and service robots, drive and brush modules in robotic vacuum cleaners, and precision actuation subsystems in lightweight aerial and consumer robotics.

The table below summarizes our miniature transmission system portfolio.

Product Type	Primary Function/Use Case	Key Performance Metrics	Typical End-use Applications
Gearbox assemblies . . .	Power transmission	Noise level: ≤ 50 dBA measured at a distance of 10 cm; Transmission ratio: 216	Intelligent cleaning robots, and other smart home applications

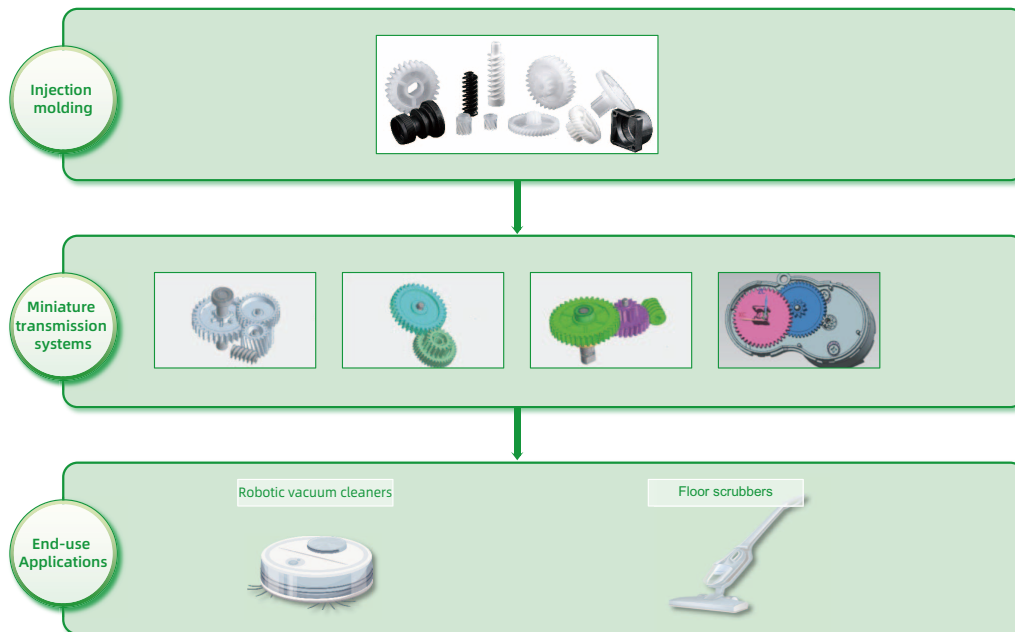
Technological Advancement

We have redesigned the drivetrain from a belt-driven to a gear-driven configuration, reducing operating noise. Where operating conditions permit, we replace metal gears with engineered plastic gears, lowering material and machining costs and improving efficiency while meeting required performance and durability standards.

End-use Applications

Our miniature transmission systems are used primarily in intelligent cleaning robots, such as robotic vacuum cleaners and floor scrubbers, and in smart home applications, including motorized curtains and smart locks.

Some of the end-use applications for our miniature transmission systems are illustrated below.



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OUR CORE TECHNOLOGIES

We have built a differentiated portfolio of proprietary technologies across three domains, including MEMS micro- and nanofabrication components, semiconductor test probes and miniature transmission systems. Our capabilities span materials engineering, ultra-precision tooling, high-throughput manufacturing, and reliability validation, enabling us to deliver high-performance, cost-efficient products for demanding applications.

MEMS Micro- and Nanofabrication Components

We design and manufacture high-precision miniature metal components using advanced mold engineering, deep-drawing and rotary-cutting processes. These technologies are used in electromagnetic shielding, connectors, sensors and other compact assemblies requiring consistent dimensional accuracy and mechanical integrity.

Our core technologies in this area are highlighted by the following:

- *Multi-row, multi-cavity tooling and high-speed process layout.* We developed a multi-row, multi-cavity mold design with a high-speed line layout that supports high-precision mass production. Under a height tolerance of ± 0.010 mm, daily output of precision micro shielding cans exceeds 2 million units, materially improving throughput and lowering unit cost.
- *In-mold cross-laminated bimetal technology.* We engineered an in-mold cross-laminated bimetal construction that combines electromagnetic shielding and thermal management in a single operation. This innovation supports stable performance in high-frequency, high-heat environments such as 5G, expanding the addressable use cases for future devices.
- *Integrated micro resistance-weld and stamping process.* By integrating resistance welding with precision stamping at micro scale, we improved positional accuracy and process stability. The process enables high-precision welding within a 200 μm weld width and controls post-weld positional deviation within 8 μm , enhancing dimensional accuracy and yield while reducing rework and scrap. We have also established a 515 nm laser process and are capable of performing laser drilling at a 515 nm wavelength.
- *Micro deep-draw forming for complex geometries with full flanging.* We replaced legacy machining with deep-draw full-flange forming, significantly increasing efficiency and environmental protection performance. Daily output per product line increased from approximately 5,000 units to approximately 90,000 units, and the full-flange design prevents seal loosening, supporting an ingress-protection rating of IP67 or higher.
- *Micro precision deep-draw rotary-shearing process.* Our rotary-shearing method enables stable volume production without damaging micro mold components. The process supports mass production of 2.5 mm-diameter microphone shielding cans, achieves cut-edge flatness within 12 μm , and allows direct welding without a surface-lapping step, which improves takt time and consistency.

Semiconductor Test Probes

We develop and produce micro-precision probes and related interconnect solutions used in wafer-level and package-level testing. Our designs target low, stable contact resistance, high cycle life and signal integrity under high-frequency and high-current conditions.

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Our core technologies in this area are highlighted by the following:

- *Advanced manufacturing process for semiconductor test probes.* We developed an automated assembly and precision manufacturing flow that supports 0.2 mm lead pitch and increases production efficiency by more than 160%. Hourly output improved from approximately 150 units to approximately 650 units, while key dimensional tolerances are controlled within ± 5 μm in high-volume runs.
- *Quad flat no-leads package (“QFN”) test probes and sockets.* Our QFN probe and socket solution meets low-insertion-loss requirements for high-frequency, high-current RF devices and extends test system life. The design achieves insertion loss of less than 1 dB at 40 GHz, carries current greater than 5A, delivers contact resistance below 20 m Ω , and provides a service life of approximately 200,000 cycles, which we believe is competitive with industry-leading levels.
- *Coaxial probes for high-speed IC testing.* Our coaxial probe architecture supports high-frequency, high-speed testing with reduced crosstalk and distortion. It achieves insertion loss of less than 1 dB at a 70 GHz bandwidth and supports minimum lead pitch of 0.3 mm, enabling high-fidelity measurements for advanced devices.
- *Anti-vibration, high-reliability, low-resistance connectors.* We designed a zero-insertion-force, anti-vibration connector that maintains continuous operation under shock and vibration while minimizing electrical losses. The connector delivers contact resistance below 10 m Ω , a service life of more than 250,000 cycles, and stable performance in 5G base-station environments, reducing maintenance and downtime risk.
- *Deep-draw sleeve process for semiconductor test probes.* We replaced machined import components with a deep-draw manufacturing process for thin-wall probe sleeves, meaningfully improving scale and cost. For comparable production windows, efficiency increases by approximately 5 to 10 times, and cost is reduced by approximately 20% to 30%, while maintaining consistency and supply resilience.

Miniature Transmission Systems

Our core technologies for miniature transmission systems are centered on two key areas. Firstly, precision injection molding, which we use to manufacture the system’s intricate mechanical parts like micro-gears with exceptional precision. Secondly, micro-motor design and production, where we create the compact and efficient motors that power and control the entire system. Our mastery of both these in-house technologies allows us to deliver fully integrated and optimized micro-drive solutions.

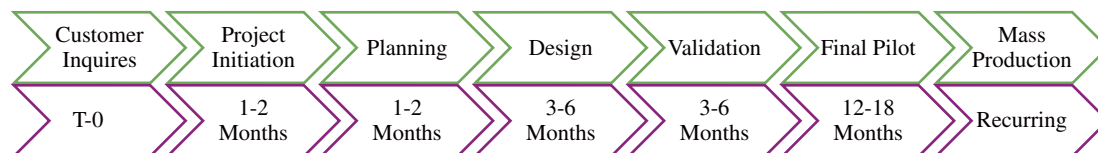
RESEARCH AND DEVELOPMENT

Overview

Our research and development activities can be broadly categorized into (i) platform-level technology development and (ii) customer-specific development projects. Platform-level technology development projects are internally initiated and funded to enhance our core technological capabilities, improve manufacturing processes and strengthen long-term competitiveness. These projects focus on developing foundational technologies, process know-how and quality control methodologies that are applicable across multiple product categories and customer applications. The resulting technologies are integrated into our broader product portfolio rather than attributable to any single product or customer. Customer-specific development projects are undertaken in response to particular customer requirements and form part of our ordinary course of business. These projects primarily involve customized mold design and test probe design tailored to customers’ specifications. The associated development costs are generally borne by customers, and we may generate revenue from mold sales and subsequent product supply.

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The diagram below illustrates our overall workflow, from customer inquiries and R&D to mass production, together with the typical time required to complete each stage.



Our products fall into two main categories with different useful life characteristics. MEMS components and miniature transmission systems typically have a useful life of two to five years, depending on application environment and usage conditions. In contrast, semiconductor testing probes and test sockets are measured by testing cycles rather than time duration, with typical useful life ranging from 600,000 to 1,000,000 test cycles before replacement is required. We focus on developing proprietary technologies to (i) develop new products and (ii) enhance the quality, reliability and consistency of our products. Our success has depended, and we believe it will continue to depend, to a significant extent, on our ability to continuously improve product performance.

We focus our R&D on next-generation semiconductor chip testing and MEMS micro- and nanofabrication, and we are strengthening the full chip testing chain from CP to FT. For example, for semiconductor test probes, as device geometries move to the two to three nm node and contact pitch narrows, we are developing interfaces and methods that preserve signal and power integrity under high current and high frequency conditions with tight impedance control. For MEMS micro- and nanofabrication components, we are advancing multi-process manufacturing that combines stamped metal parts, precision injection molded structures and electronic subassemblies including coils, magnets and printed circuit boards (“PCBs”), supporting higher functional density, manufacturability and reliability in optical and acoustic modules.

As of December 31, 2025, we had an in-house R&D team of 152 members. The core team members have, on average, more than eight years of experience in micro/nano manufacturing. We operate through three R&D divisions with distinct technology focuses. The micro precision division focuses on advancing MEMS micro- and nanofabrication technologies, developing breakthrough product designs, and addressing key pain points in acoustic and optical applications. The test division develops probe and socket solutions for semiconductor chip test, integrating probes with high-current, high-frequency test sockets to achieve impedance and frequency matching and to enhance power and signal integrity across wide bandwidths. The micro molding and mechatronic division focuses on precision micro-injection molding and automated assembly for micro-mechatronic components, including gear trains and compact reducers used in robotic vacuum cleaner transmission systems.

We have three R&D centers with distinct mandates. As of December 31, 2025, our principal center in Suzhou, China employed over 120 engineers, focusing on semiconductor chip probe and test technologies, including room-temperature semiconductor testing platforms and high-volume process engineering. We also maintain specialist teams in Switzerland and Japan staffed by local experts. The Swiss team focuses on assembly and design technologies for advanced products. The Japanese team focuses on CP probe technologies for high-performance processors, high-I/O memory devices and complementary metal-oxide semiconductor image sensors. Our overseas subsidiaries complement, rather than replace, our domestic research and development capabilities. In 2023, 2024, and 2025, R&D expenses incurred at our Japan and Switzerland R&D centers (with our Switzerland R&D center established in 2024) amounted to RMB1.4 million, RMB5.6 million and RMB6.5 million, respectively, representing 1.9%, 9.8% and 10.3% of our total R&D expenses for the relevant year. While we maintain comprehensive R&D functions domestically, the establishment of subsidiaries in Japan and Switzerland allows us to integrate global expertise, broaden our technological base, and accelerate innovation by leveraging regional strengths in specialized technical domains. The establishment of our subsidiary in Japan in 2021 was driven by strategic considerations. Japan has a well-established semiconductor ecosystem and long-standing expertise in precision probe and testing technologies. By setting up a local subsidiary, we are able to leverage the deep industry experience, technical know-how and talent pool available in Japan to accelerate the development of CP probe technologies and enhance our technological competitiveness. The Japanese market also provides close proximity to leading

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semiconductor manufacturers and equipment suppliers, facilitating technical collaboration, customer engagement and timely feedback in the product development process. Similarly, we established our subsidiary in Switzerland in 2024 to focus on ultra-precision automation equipment and advanced assembly technologies. Switzerland has a strong foundation in precision engineering, automation systems and high-end equipment manufacturing. Through our presence in Switzerland, we aim to access specialized engineering expertise and strengthen our capabilities in ultra-precision automation and advanced assembly processes. This enables us to enhance production efficiency, product reliability and technological innovation for our high-end product lines.

We enter into two types of arrangements with customers in relation to the customer-specific design work, with different terms regarding ownership, cost allocation, and intellectual property rights. For mold development projects, customers provide product drawings and we are responsible for mold design and development. Under these arrangements, ownership of the developed molds typically belongs to the customer, and mold development costs are typically borne by the customer. The intellectual property rights associated with these molds also belong to the customer. For product development projects such as testing probes and wire needles, we conduct independent product design and development. Under these arrangements, ownership of the developed products typically belongs to us, and development costs including fixtures, materials and other expenses are borne by us. The intellectual property rights associated with these products also belong to us. This arrangement allows our Company to retain ownership and intellectual property rights for its core technology products while providing customized mold development services on a fee basis to meet specific customer requirements.

In 2023, 2024 and 2025, our R&D expenses were RMB72.2 million, RMB56.9 million, and RMB63.4 million, respectively. In particular, our research and development expenses decreased by 21.1% 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. See “Financial Information — Description of Key Items of Consolidated Statements of Profit or Loss — Research and Development Expenses” for details.

R&D Processes

Our R&D process is a structured, stage-gated system that turns customer and market requirements into manufacturable, high-reliability products. Our cross-functional teams lead each phase from intake and feasibility through design, validation, pilot build and transfer to volume production, with clear deliverables and approval gates.

Key stages of our R&D process include:

- *Initiation.* Our marketing and sales department, together with the relevant R&D teams, makes proposals for new products or processes based on customer requirements, market trends, internal needs and production needs, among other things. Upon receipt of such proposals, our R&D department convenes a technical review committee comprising representatives from R&D, manufacturing, quality, supply chain and sales departments. R&D projects are approved by the technical review committee based on the results of a comprehensive assessment. The project initiation stage typically takes one to two months.
- *Planning.* Once approved, the R&D department assigns a dedicated project team and defines roles and responsibilities. Upon receipt of the feasibility assessment report from the project team, the technical review committee conducts a further review and determines whether the project advances to the next phase. It typically requires one to two months to develop detailed project plans, specifications, and timelines.

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- *Design.* Following feasibility approval, the project team convenes internal stakeholders to identify key risks, challenges and milestones for development and pilot build. The team then prepares core technical documents, including the design review report, material specifications, process flow diagrams, work instructions and inspection criteria. The design stage typically spans three to six months.
- *Validation.* R&D and procurement departments jointly source raw materials, molds and tooling in line with the approved specifications. Equipment and tooling are installed, debugged and qualified. A pilot line is established according to the defined processes and inspection plans, and a limited pilot run is conducted. Pilot units undergo comprehensive testing and evaluation. The validation stage takes three to six months to conduct testing, quality validation, and design refinement based on test results
- *Final pilot.* After the final pilot is completed, the production package, including standard operating procedures (“SOPs”), control plans, test programs and bill of materials, is transferred to manufacturing to support volume production. Continuous improvements are implemented based on customer feedback and production performance. The final pilot to mass production transition stage requires 12 to 18 months to establish manufacturing processes, scale up production, and achieve stable mass production output.

Key R&D Projects

The following table sets forth details of our key ongoing R&D projects as of the Latest Practicable Date:

Project Name	Progress and Status	Target Specifications	Technology Level	Application
MEMS Process Wafer Testing Probe Development . . .	Project progressing normally. Sample delivery completed and currently in customer verification stage.	Achieve MEMS wafer testing probe with minimum pad pitch of 80μm, positional accuracy of ±10μm, flatness of 25μm, resistance (Power) ≤1Ω, maximum load current (CCC) of 500mA, and testing lifespan of 1 million cycles.	Advanced domestic level	Mainly applied in semiconductor chip front-end testing
Robotic Vacuum Cleaner Precision Gearbox Assembly Development . . .	Project progressing normally. Sample delivery completed and currently in customer verification stage.	Gearbox service life ≥500h, gearbox noise ≤70dB (at 30cm distance).	Advanced domestic level	Mainly applied in robotic vacuum cleaner field
Optical Image Stabilization and Auto-focus Camera Module Product Development . . .	Project progressing normally. Design and process R&D completed with sample delivery, currently in customer verification stage.	Achieve multi-carrier and multi-component simultaneous assembly production, ensure product precision and stability, camera structural product precision tolerance controlled within ±0.02mm, flatness controlled within 0.03mm.	Advanced domestic level	Mainly applied in consumer electronics field
High Power Consumption Chip Shielding and Heat Dissipation Component Development . . .	Project progressing normally. Design and process R&D completed with sample delivery, currently in customer verification stage.	Achieve domestic substitution, flatness of components with large flange thickness above 0.30mm controlled within 0.03mm, flatness of components with small flange thickness of 0.07-0.20mm controlled within 0.02mm.	Advanced domestic level	Mainly applied in consumer electronics field

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Project Name	Progress and Status	Target Specifications	Technology Level	Application
Ultra-high Frequency Impedance Control Coaxial Probe and Base Assembly Development . . .	Project progressing normally. Series products have completed design and process R&D with sample delivery, currently in customer verification stage.	Capable of testing high-speed chips with minimum 0.3mm pin pitch, and meeting high-frequency testing requirements with insertion loss within -0.5dB for frequencies below 56GHz in customized pin arrays; some products meet high-frequency testing requirements with insertion loss within -0.5dB for frequencies below 56GHz.	Advanced domestic level	Mainly applied in high-speed semiconductor chip testing
Blade Needle and Base Assembly Development . . .	Project progressing normally. Sample production completed, currently in customer verification stage.	Thickness of 60μm, achieving minimum 0.175mm pin pitch, testing lifespan exceeding 150k cycles.	Advanced domestic level	Mainly applied in high-density surface mount connector testing
Elastomer and Test Base Development . . .	Project progressing normally. Production line setup completed, sample production completed, currently in customer verification stage; large pin count conductive adhesive project in progress.	Achieve over 5,000 pins, pin pitch of 0.94mm, meeting insertion loss within -1dB for 16GHz frequency band.	Advanced domestic level	Mainly applied in CPU and other central processor chip testing
Ultra-fine Pitch Probe Assembly Automation Equipment Development . . .	Project progressing normally. Design and R&D completed, prototype accepted.	Capable of automated assembly and automated inspection of ultra-fine needles with outer diameter less than 0.15mm.	Advanced international level	Mainly applied in semiconductor spring probe automated production
Push-pull Self-locking Connector Development . . .	Project progressing normally. Design and process R&D completed with sample delivery, currently in customer verification stage.	Capable of plug-and-pull self-locking, strong corrosion resistance (144H salt spray); high impact resistance (100g acceleration, instantaneous disconnection <1μs); high vibration resistance (20g acceleration, instantaneous disconnection <1μs); capable of normal operation in -55°C to 175°C environment.	Advanced domestic level	Mainly used in semiconductor equipment, rail transit, aviation, medical and other high-end equipment
Electromagnetic Signal Component Integrated Assembly Development . . .	Project progressing normally, currently in process design and development stage.	Using stamping, injection molding, SMT, packaging, electrical testing and other technologies to integrate various electromagnetic signal components together, achieving finished integrated assembly yield rate of 95%. Laser solder ball welding in micro space of 0.4 square millimeters, solving technical bottlenecks of conventional processes, with welding position accuracy reaching ±0.03mm.	Advanced domestic level	Mainly applied in consumer electronics field

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Project Name	Progress and Status	Target Specifications	Technology Level	Application
Low Reflectance Camera Module Protection Component Development . . .	Project progressing normally, currently in process design and development stage.	Meet customer requirements for low reflectance protection components, reflectance below 0.7%, product tolerance of $\pm 0.03\text{mm}$.	Advanced domestic level	Mainly applied in consumer electronics field
Grade 50+ Testing Wire Needle Development . . .	Project progressing normally, currently in process design and development stage.	Capable of sharpening needles with a wire diameter of 0.05-0.07mm, ensuring consistency of needle tip angle and total needle length, designing a micrometer-adjustable feed mechanism to ensure the equipment adapts to changes in customer wire needle length and angle.	Advanced domestic level	Mainly applied in wafer-level testing and chip packaging testing

The following table sets forth details of significant R&D projects completed by the Group during the Track Record Period:

Significant R&D Project	Products Applied
Development of Stacked 3D Packaging Shielding Cover	Precision MEMS electronic shielding cover
Development of Ultra-high Frequency 65GHz Probe and Base Testing Assembly	Semiconductor testing probe and test socket
MEMS Process Wafer Testing Probe Development	MEMS probe card
Grade 70+ Testing Wire Needle Development . . .	Wire needle

INTELLECTUAL PROPERTY

Intellectual property rights are critical in safeguarding our business. We protect our intellectual property rights through a combination of patents, trade secrets, know-how, trademarks, copyrights, unfair competition laws and contractual rights, such as confidentiality agreements. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing, misappropriating or otherwise violating the intellectual property rights of external parties.

As of the Latest Practicable Date, we held 122 granted patents, 11 trademarks, and two domain names, as well as 216 patent applications pending in the PRC. As of the same date, we were also granted two patents in the U.S. See the section headed “Appendix IV — Statutory and General Information — B. Further Information about the Business of Our Company — 2. Intellectual Property Rights” in this document for more information of intellectual property rights that are material to our business.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement disputes or claims which had any material adverse impact on our Group. See “Risk Factors — Risks Relating to Our Business and the Industry in which We Operate — Assertions against us by third parties for infringement of their intellectual property rights could divert management attention, result in significant costs and cause our business, financial condition and results of operations to suffer” for more details.

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MANUFACTURING

Production Facilities

Our manufacturing facility is located in Suzhou, China, with an aggregate GFA of approximately 34,564.9 sq.m. The following table sets forth the production capacity, production volume and production utilization rate by production line of our manufacturing facility for the year indicated.

	For the year ended December 31,		
	2023	2024	2025
	(Million units, except for percentage)		
Production capacity⁽¹⁾			
— MEMS micro- and nanofabrication components	2,585.1	2,678.3	2,726.1
— Semiconductor test probes	27.5	36.6	48.2
— Miniature transmission systems	2.8	14.1	16.8
Production volume			
— MEMS micro- and nanofabrication components . . .	1,442.5	1,803.1	1,834.9
— Semiconductor test probes	8.5	15.7	27.2
— Miniature transmission systems	0.2	5.7	7.2
Production utilization rate⁽²⁾			
— MEMS micro- and nanofabrication components	55.8%	67.3%	67.3%
— Semiconductor test probes	30.9%	42.8%	56.5%
— Miniature transmission systems	8.6%	40.4%	42.6%

Notes:

- (1) In peak seasons, our production facilities can run for more days to meet delivery schedules of purchase orders, in which case the actual output may exceed such designed production capacity. Our production capacity is calculated based on the following assumptions: (i) the production line is functioning at its full capacity; (ii) the production line operates 24 hours per day; (iii) the production line operates 26 days per month; and (iv) the production line operates for a full year.
- (2) Calculated by dividing the production volume for a year by the production capacity of the same year.

Future Manufacturing Capabilities

We intend to expand our manufacturing capacity by installing flexible production lines equipped with advanced manufacturing equipment, enabling rapid changeovers across different products. We plan to construct a production line for MEMS products used in high-end smartphone optical components, with a designed annual capacity of 240 million units and an expected start of commercial production in 2026. We also plan to invest in expanding our semiconductor test probe production line to a designed annual capacity of 36 million units, with construction completion expected in 2027. We expect to finance our planned manufacturing expansion primarily with cash flows generated from operations.

Our manufacturing capacity expansion plan is strategically targeted and forward-looking to meet anticipated future demand: (i) *new project requirements*. We plan to expand our production capacity to address rising demand and support new product launches. We expect our key customer base to continue expanding, with increasing purchase orders over time. We have recently introduced new products across all business lines that are currently in the ramp-up phase, and we plan to launch additional products progressively. As part of our broader business expansion strategy, we intend to develop and introduce new offerings, such as MEMS acoustic and optical components, high-pin-count semiconductor test probes, and miniature transmission systems for applications across multiple industries, thereby

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expanding into additional use cases and application scenarios; (ii) *long lead time for equipment procurement*. Production equipment for precision manufacturing typically involves a significant lead time from order placement to delivery, installation and commissioning. Our equipment purchases were made based on demand forecasts and strategic customer commitments, and such equipment began contributing to production output as market conditions improved; and (iii) *strategic positioning for market recovery*. Our expansion plan is designed to position us to capture demand growth as the market recovers in the foreseeable future. As utilization rates improve alongside recovery in our key downstream markets, particularly the semiconductor and consumer electronics sectors, our expanded capacity will enable us to respond promptly to customer demand. This approach allows us to maintain our competitive position and continue servicing key customers during periods of market softness while preparing for subsequent market recovery. See “— Our Strategies.” Without additional capacity, we risk longer lead times and constraints on fulfilling orders and capturing incremental demand. Expanding capacity is therefore necessary to maintain service levels, support customer qualifications, and position us for continued growth.

Production Process

Once a product enters mass production, our production planning and inventory management department sets the master production schedule and the corresponding procurement plan based on customer orders and the applicable engagement model. For customers under VMI model, we plan on a rolling basis using the customer’s order forecasts, inventory consumption, settlement cycles, and inventory levels to replenish stock on time and ensure continuous supply. For customers under supply chain collaboration model, we operate on a make-to-order basis: we build schedules from firm orders, calibrate them to order volumes and current capacity utilization, and time material purchases accordingly. Across both models, we align output with available capacity, sequence work orders to meet delivery commitments, and translate the schedule into material requirements for suppliers.

Production Process for MEMS Micro- and Nanofabrication Components

The principal steps of the production process generally applicable to MEMS micro- and nanofabrication components include:

- *Design completion and release to production.* Our R&D department finalizes drawings, specifications, and critical characteristics, and designs the required tooling. We conduct pilot-scale production to verify the products’ manufacturability and quality. After the customer approves pilot samples, we release the bill of materials, process routing, and work instructions for volume production under standard procedures.
- *Sourcing and quality control.* Raw materials, standard parts, and certain subcomponents are sourced from qualified suppliers. Incoming materials are inspected on a sampling basis, and we maintain batch-level traceability from receipt through shipment.
- *Manufacturing.* We execute both primary build steps, such as stamping, molding and machining, and follow-on joining steps, such as welding, riveting and adhesive bonding, under documented process settings, using calibrated equipment and qualified tooling to ensure consistent quality. Where surface finishing is required, it is performed in-house or by qualified vendors. In-process inspections monitor critical dimensions, structural integrity, and appearance. Nonconforming items are quarantined for review and disposition under formal quality procedures.

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- *Assembly and functional verification.* Components and semi-finished parts are assembled per standard operating procedures to ensure fit and function. Sampling tests and functional checks confirm key dimensions and electrical or mechanical performance, and results are recorded and used to maintain stable yields.
- *Packaging and logistics.* Our quality control department conducts final inspections against product specifications and authorizes shipment only for conforming products. Finished goods are packaged to protect against damage and environmental exposure, labeled for traceability, stored on a first-in, first-out basis, and shipped according to customer schedules, with inspection and shipping records retained.

Production Process for Semiconductor Test Probes

The principal steps of the production process generally applicable to semiconductor test probes include:

- *Design and simulation.* Our R&D department designs each probe to the customer’s specifications. The design is simulated under representative test conditions to predict real-world performance and iterated until the design is finalized and released for build.
- *Sourcing and production line setup.* After finalization of the designs, key probe components such as tips, springs, and sleeves are sourced from qualified suppliers against our drawings and specifications. In parallel, we configure and calibrate automated assembly lines tailored to the specific probe product.
- *Assembly and in-process control.* Components are assembled on automated lines in accordance with standard operating procedures and defined process parameters. In-process checks verify fit, alignment, and workmanship so defects do not pass downstream.
- *Functional and structural testing.* Our production department performs functional and structural tests on finished probes to confirm they meet performance requirements. Conforming units are released as pilot lots.
- *Customer validation and production release.* Pilot lots are delivered for customer evaluation in the intended application. After successful customer validation, the product is released to mass production.

Production Process for Miniature Transmission Systems

The principal steps of the production process generally applicable to miniature transmission systems include:

- *Design and development.* We translate customer requirements into engineering specifications, select materials, and design the gear train and housing with defined tolerances and manufacturability in mind. We perform simulation and prototype builds to validate torque, efficiency, noise, and life targets.

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- *Injection molding.* We design and fabricate molds, establishing a stable process window. The molding process is validated through installation, operational, and performance qualification, followed by first-article inspection and capability studies.
- *Assembly.* We assemble gears, shafts, bearings, and housings using calibrated fixtures. In-process inspections and statistical controls are used to manage alignment, torque, and noise.
- *Testing and quality assurance.* We conduct functional and reliability testing, including torque and efficiency checks, backlash and noise measurements, endurance and environmental tests as applicable. Lots are released only after meeting acceptance criteria.

Outsourced Processing Arrangements

We engage third-party service providers for certain processing steps in our production process when specialized technical capabilities are required. Our outsourced service providers are independent third-party service providers with relevant qualifications and industry experience. For our semiconductor chip test probes, we generally complete all production processes internally. However, when our internal production capacity is insufficient to meet customer demand, we outsource certain manufacturing processes, based on the actual needs, to third-party suppliers. For our MEMS micro- and nanofabrication components, we outsource primarily surface electroplating processing, a surface treatment process for precision micro-components. As we do not currently possess in-house electroplating capabilities, we engage third-party service providers to perform this specialized process. We engage outsourcing suppliers on a purchase order basis for processing services, with monthly settlement based on processing volume and agreed-upon pricing. We engage multiple independent service providers for outsourced processing, and there are readily available alternative providers in the market. Any temporary disruption of outsourced processing services would not materially affect our production capacity or business operations, as such services can be substituted by alternative providers. For the years ended December 31, 2023, 2024 and 2025, our outsourced processing costs amounted to approximately RMB22.4 million, RMB45.5 million and RMB66.6 million, representing approximately 9.9%, 9.5% and 9.4% of our total cost of sales, respectively. All of our outsourcing service providers that we engaged during the Track Record Period were Independent Third Parties. As such, outsourced processing does not constitute a material component of our operations and is not strategically significant to our business.

QUALITY CONTROL

Our Quality Control Department

We have established a comprehensive quality management system that ensures rigorous control from the raw material supply chain to product manufacturing. We rigorously adhere to product safety and quality control standards, implementing corresponding control measures across each stage of our production process to ensure that all products comply with applicable national and international standards. Our quality control team, which had 127 professionals as of December 31, 2025, is led by quality control director who has approximately 15 years of quality control and work experience.

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Our Quality Accreditations and Assurance

Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers. We have obtained multiple certifications primarily including:

- IATF 16949 certification for our quality management system certified by a branch of the National Quality Assurance;
- ISO13485 certification for our quality management systems for producing medical devices certified by a branch of the National Quality Assurance; and
- ISO 9001 certification for our quality management system certified by a branch of the National Quality Assurance.

In order to monitor production quality and to ensure that our products meet all the stringent benchmarks and specifications of our customers and ourselves, we take a comprehensive approach to quality control, establishing a quality management system that complies with relevant national and international standards, covering procurement, production, finished products and logistics.

We procure raw materials from suppliers who have passed quality and reliability assessments and meet both our standards and those of our customers. We conduct random onsite inspections of our suppliers’ raw material facilities and make regular evaluations on our suppliers. Upon receiving the raw materials, we perform sample testing on raw materials. Our quality control system is designed to identify and handle any defective or substandard materials at an early stage in the production process.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any product quality issues that had a material adverse effect on our business, results of operations or financial condition.

OUR SUPPLIERS

Procurement

Core raw materials for our products include stainless steel, nickel-iron alloy and plastic pellets. Our procurement process involves several key steps to ensure efficient supply management. Initially, we engage in demand planning and supply strategy development, using rolling forecasts to assess product demand and define strategies for managing supply volumes. This is followed by procurement planning and ordering, where we create detailed plans and issue purchase orders to suppliers. Suppliers then fulfill these orders, schedule shipments, and deliver the materials to designated warehouses. Upon arrival, we inspect the raw materials and store them in stock warehouses for production use.

The key terms of our standard procurement contracts are as follows:

- *Products.* The suppliers provide us with products as specified in the master agreement or purchase order.
- *Pricing.* The price of the products shall be fixed as set forth in the quotation pursuant to the master agreement and may be adjusted upon mutual agreement.

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- *Term.* Our procurement contracts typically do not stipulate a fixed term.
- *Delivery.* Suppliers are typically required to deliver to our designated location and bear the transportation costs.
- *Quality assurance.* The products must comply with applicable national or industry standards with quality certification documents. Suppliers are usually required to maintain quality insurance for their products for the same length of time as the warranty period.
- *Default and remedies.* For late delivery more than a certain period as stipulated in the contract, we may terminate the contract without liability, and the suppliers will be liable for liquidated damages as specified in the contract. If their products fail to meet applicable quality requirements, the suppliers will be liable for all losses and damages incurred by us.
- *Termination.* In the event of a breach of the purchase agreement by the supplier, we are entitled to terminate the agreement unless the supplier remedies such breach within the specified cure period in accordance with the contractual terms.

Suppliers

During the Track Record Period, our suppliers consisted primarily of raw-material vendors and providers of certain processing services. In each of 2023, 2024 and 2025, purchases from our five largest suppliers amounted to RMB41.7 million, RMB102.4 million, and RMB103.9 million, respectively, representing approximately 26.1%, 27.8% and 20.2% of our total purchases, respectively. In addition, purchases from our largest supplier accounted for approximately 7.3%, 7.0%, and 5.8% of our total purchases in each of 2023, 2024 and the 2025, respectively.

The following tables set forth certain information of our five largest suppliers (on a grouped basis) in each year during the Track Record Period.

Year Ended December 31, 2025

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount (RMB'000)	As a percentage of our total purchases (%)	Year of commencement of business relationship with us	Background
Supplier B.	Surface finishing services	Up to 120 days; acceptance of bill of exchange	29,922	5.8	2015	A Shanghai-based metal manufacturing company, focusing on the processing and treatment of metal surface, established in April 2010.
Supplier A.	Electric motor	Up to 60 days; acceptance of bill of exchange or bank transfer	21,428	4.2	2022	A Huizhou-based company focusing on the research, development and production of micro motors, micro gearboxes, micro transmission modules and smart controllers, established in July 2007.

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Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Year of commencement of business relationship with us	Background
			(RMB'000)	(%)		
Supplier C.	Electric motor	Up to 90 days; acceptance of bill of exchange or bank transfer	17,782	3.5	2023	A Shenzhen-based electric motor manufacturing company, focusing on the production and sale of electric motors and components, established in November 2010.
Supplier H.	Surface finishing services	Up to 30 days; bank transfer	17,670	3.4	2021	A Yuyao-based metal manufacturing company, focusing on the surface plating for electrical connectors and microwave components in the communications, electronics, power and electrical industries, established in January 2015.
Supplier E.	Mold parts	Up to 90 days; bank transfer	17,057	3.3	2023	A Kunshan-based electronic manufacturing company, focusing on manufacturing electronic components and electromechanical assemblies equipment, established in March 2022.
			103,859	20.2		

Year Ended December 31, 2024

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Year of commencement of business relationship with us	Background
			(RMB'000)	(%)		
Supplier A.	Electric motor	Up to 60 days; acceptance of bill of exchange or bank transfer	25,781	7.0	2022	A Huizhou-based company focusing on the research, development and production of micro motors, micro gearboxes, micro transmission modules and smart controllers, established in July 2007.
Supplier C.	Electric motor	Up to 90 days; acceptance of bill of exchange or bank transfer	22,043	6.0	2023	A Shenzhen-based electric motor manufacturing company, focusing on the production and sale of electric motors and components, established in November 2010.
Supplier B.	Surface finishing services	Up to 120 days; acceptance of bill of exchange	19,319	5.2	2015	A Shanghai-based metal manufacturing company, focusing on the processing and treatment of metal surface, established in April 2010.

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Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Year of commencement of business relationship with us	Background
			(RMB'000)	(%)		
Supplier F	Metal materials	Up to 30 days; bank transfer	19,148	5.2	2024	A Xi'an-based metal manufacturing company, focusing on the production, development and sales of metal materials and functional materials, established in April 2001.
Supplier D	Electric motor	Up to 90 days; bank transfer	16,128	4.4	2023	A Dongguan-based electric motor manufacturing company, focusing on the production and sale of electric motors and components, established in December 2019.
			<u>102,419</u>	<u>27.8</u>		

Year Ended December 31, 2023

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Year of commencement of business relationship with us	Background
			(RMB'000)	(%)		
Supplier B	Surface finishing services	Up to 120 days; acceptance of bill of exchange	11,717	7.3	2015	A Shanghai-based metal manufacturing company, focusing on the processing and treatment of metal surface, established in April 2010.
Supplier G	Plastic pellets	Up to 30 days; bank transfer	8,806	5.5	2021	A Xiamen-based company, focusing on the manufacturing of chemical raw materials and chemical products, established in 2003.
Supplier H	Surface finishing services	Up to 30 days; bank transfer	7,510	4.7	2021	A Yuyao-based metal manufacturing company, focusing on the surface plating for electrical connectors and microwave components in the communications, electronics, power and electrical industries, established in January 2015.
Supplier I	Electricity	Prepayment; bank transfer	7,055	4.4	2015	A Suzhou-based electricity supply company, established in 1991.
Supplier J	Metal materials	Up to 60 days; bank transfer	6,659	4.2	2015	A Kunshan-based metal manufacturing company, focusing on the metal surface treatment processes, established in 2007.
			<u>41,747</u>	<u>26.1</u>		

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All of our five largest suppliers during each year of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during each year of the Track Record Period.

Our Supply Chain Management

During the Track Record Period, we sourced most of our raw materials from suppliers in the PRC. On a limited basis, we procured certain ancillary raw materials from overseas suppliers in multiple jurisdictions, including France, Germany, Japan and the U.S. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortages or delays in the supply of raw materials, nor did we experience material delays in delivering products to customers attributable to supply chain constraints. In light of ongoing geopolitical tensions, we are broadening our PRC-based supplier base and identifying and qualifying substitute suppliers for items currently sourced from jurisdictions with higher levels of uncertainty. See “Risk Factors — Risks Relating to Our Business and the Industry in which We Operate — Failure to effectively manage our supply chain could increase our operating costs, or result in manufacturing delays that lead to unfulfilled customer orders, either of which could have a material and adverse effect on our business, financial condition, results of operations and prospects” for details.

We have adopted a comprehensive supply chain management mechanism with standardized procedures, ensuring the quality and stability of supplies. We follow standard procurement procedures, which cover purchase order placement, delivery tracking, incoming inspection, and inventory receipt and settlement. New suppliers may be onboarded only after completing qualification assessment, audit and validation under the standard procurement procedures, passing review by a cross-functional team, and entering into a supply agreement. We also conduct periodic performance evaluations and on-site audits of suppliers and adjust sourcing strategies based on the assessment results.

Impact of the Global Tariffs

As advised by our International Sanction Counsel, our Directors and Sponsors are of the view that the U.S. tariff regime has had a limited and manageable impact on our operations and is not expected to materially affect our business, financial performance, or suitability for [REDACTED]. In recent years, our exports from China to the U.S. have been subject to multiple layers of additional duties that apply cumulatively or alternatively, including: (i) Section 301 tariffs under the Trade Act of 1974; (ii) Section 232 tariffs under the Trade Expansion Act of 1962; (iii) Section 122 tariffs under the Trade Act of 1974 and (iv) fentanyl-related tariffs and reciprocal tariffs under executive orders issued pursuant to the IEEPA, all of which have now been terminated, with paid duties subject to refund.

Throughout the period of the most stringent IEEPA-related tariff measures, our U.S. export business has demonstrated strong resilience and maintained profitability, underpinned by our diversified customer base and global market footprint. As of the Latest Practicable Date, the tariff composition for the Group’s products primarily comprises relatively stable components (being tariffs other than the now-terminated IEEPA-related tariffs). Specifically, with the exception of leaf spring exports, the applicable tariffs for most of the Group’s products range from 20.3% to 37.7%, remaining at manageable levels. Even for leaf springs, which are subject to an aggregate duty rate of 78.2%, all relevant transactions are structured under Free on Board (FOB) or Ex Works (EXW) Incoterms, which contractually allocate the obligation to pay all applicable import duties, including any potential future tariff increases, to our U.S.-based buyers. For all other products, transactions are exclusively structured

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under FOB, Insurance and Freight (CIF), or EXW Incoterms, which similarly place duty payment responsibility on U.S. buyers. We will continue to adopt these Incoterms arrangements for all relevant future transactions to proactively mitigate the direct impact of future U.S. tariff fluctuations. As to potential indirect knock-on effects, including changes in global or downstream product demand, we confirm that no material order cancellations, revenue shortfalls, or operational disruptions have arisen as a result of U.S. tariff volatility.

Nothing material has come to the Joint Sponsors’ attention that would reasonably cause them to cast doubt on the International Sanction Counsel’s view as mentioned above. Nonetheless, we acknowledge that U.S. tariff and trade policies remain subject to further change and will continue to closely monitor global trade-policy developments and assess their potential implications for our supply chain, market demand, and overall business performance.

SALES AND MARKETING

As of December 31, 2025, we had 37 employees in sales and marketing, focusing on business development, customer service, brand promotion and sales contract management. We have established regional sales teams nationwide to enable direct communication with customers in each region. For leading market players, we have a dedicated sales force working on their profiles and requests.

Direct Sales

We have adopted the direct sales model. During the Track Record Period and up to the Latest Practicable Date, we sold all of our products directly to our customers, without engaging any distributor. Through direct sales, we have established a close and direct connection with our customers. We are able to gain a firsthand understanding of customers’ technologies and business development plans, propose technical solutions and product selection, and help customers solve problems with efficiency. During the Track Record Period, we served customers located across China (including Hong Kong and Taiwan) and different overseas jurisdictions (including North America, Europe, and other regions and countries in Asia).

The key terms of our standard sales contracts are as follows:

- *Order specifications.* Our sales contracts typically specify the product model and specifications, quantity, price and delivery schedule.
- *Term.* Our sales contracts typically do not stipulate a fixed term. Instead, we set out only the sales volume and the required delivery date.
- *Delivery.* We typically deliver to the customer’s designated location, and we bear the transportation costs.
- *Quality assurance.* Our products must comply with applicable national or industry standards with quality certification documents. We typically provide a fixed-term warranty from the shipment date and, within the warranty period, free repair or replacement.

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- *Default and remedies.* For late delivery more than a certain period as stipulated in the contract, the customer may terminate the contract without liability. If the contract continues, we are liable for liquidated damages as specified in the contract. If our products fail to meet applicable quality requirements, we will be liable for all losses and damages incurred by our customers.
- *Termination.* Either party may terminate the agreement in the event of a material breach by the other party that remains uncured within the agreed cure period.

We also sell products on a VMI consignment basis. Under this model, we stock standardized products at customer-designated warehouses, maintain agreed inventory levels, monitor consumption, and replenish when inventory reaches the reorder point. Customers pull inventory as needed and are invoiced based on actual consumption. We typically retain title until the customer takes possession of the goods. This VMI consignment model is widely used in our industry, according to Frost & Sullivan. During the Track Record Period, we primarily sold MEMS micro- and nanofabrication components under the VMI consignment model. For customers purchasing our MEMS components, the choice between the VMI consignment model and the standard sales model depends primarily on their inventory management preferences, demand visibility and production planning arrangements. Customers with stable and ongoing production needs may prefer the VMI model to enhance supply chain coordination and reduce inventory risk, while customers with project-based procurement or established internal inventory systems may opt for the standard sales model. The selection of the sales model is determined through commercial negotiation on a case-by-case basis. We typically require our customers who adopt the VMI consignment model to provide us with periodic demand forecasts for a specified timeframe. Based on these forecasts, we ensure that inventory levels are maintained at or above the minimum thresholds stipulated in the contracts. Customers retrieve products from the inventory as needed and settle payments with us based on the actual quantity requisitioned. During the Track Record Period, we sold products under the VMI consignment model to six customers, which in aggregate contributed RMB35.9 million, RMB53.7 million and RMB74.2 million in 2023, 2024 and 2025, respectively, representing 12.6%, 9.5% and 8.6% of our total revenue for the respective years. See “— Warehousing, Logistics and Inventory Management” for more details.

The key terms of our VMI consignment agreements are as follows:

- *Consignment arrangement.* We deliver products to the customer’s designated warehouse under a VMI model. Title remains with us until the customer withdraws the products for use, at which point title and risk transfer to the customer.
- *Forecasting and replenishment.* The customer provides demand forecasts and purchase orders, and we replenish inventory based on agreed stocking plans.
- *Minimum purchase and slow-moving inventory.* If consigned materials remain unused for a certain period, such materials may be classified as slow-moving inventory. For general purpose materials, the customer does not bear inventory responsibility, and we are required to retrieve excess inventory within a specified period upon notice. For non-general purpose materials, inventory responsibility is allocated in accordance with the purchase order terms and industry practice.
- *Quality and return policy.* Products are subject to inspection upon delivery. In the event of quality defects, we are responsible for replacement in accordance with agreed procedures.

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- *Pricing and settlement.* Pricing is determined based on the latest confirmed unit price at the time of withdrawal. The customer provides monthly consumption reports and payment is made based on agreed credit terms.
- *Liability cap.* The customer’s aggregate liability under the agreement is capped at the total value of the consigned inventory.

Product Return Policy

We generally accept sales returns for verified product defects for which we are responsible. According to Frost & Sullivan, our return policy is generally in line with industry norms. During the Track Record Period, the total value of our product return was insignificant. During the Track Record Period and up to the Latest Practicable Date, we had not been imposed any fines, product recall orders or other penalties from the relevant competent authorities regarding material product quality issues, nor had we received any material product returns or complaints from our customers or consumers.

Pricing

We price our products based on various factors, including raw material costs process yield loss, equipment depreciation and direct labor, demand and supply of products in the market, order volume and market conditions, among others. According to Frost & Sullivan, our pricing for products generally aligns with current market trends. In general, our pricing strategy aligns with pricing fluctuations, trends of raw material prices and demand and supply of products in the market to mitigate the impact of raw material price volatility.

Marketing

Our focus lies in delivering cost-effective, high-value products while setting competitive prices based on market supply and demand dynamics, as well as the competitive landscape, to directly serve our customers. We execute a key-account strategy, concentrating resources to serve strategic customers end-to-end. We engage closely with customers to identify requirements and technology roadmaps, emphasize product differentiation and technical performance, and refine designs through targeted marketing and structured user feedback to deliver application-specific solutions. To accelerate engagement with end customers and enhance local service, we have established overseas subsidiaries and sales networks in Japan, Switzerland, the U.S. and other jurisdictions, and we are actively expanding our international presence.

SEASONALITY

In general, we experienced increased demand for MEMS micro- and nanofabrication products during the second half of the calendar year, compared to the first half of the year, which is consistent with the practice of our industry, according to Frost & Sullivan. This seasonality is driven by the concentration of major holidays and year-end purchasing cycles in the second half of the year, which typically lift demand for consumer electronics. As a result, we expect to record higher revenue for the second half of the year, than the first half. In 2023, 2024 and 2025, revenue generated in the second half of the year accounted for 65.5%, 59.7% and 49.2% of our annual revenue, respectively. The temporary decline in the second half of 2025 was primarily attributable to our strategic business realignment to enhance our overall financial performance. See “Risk Factors — Risks Relating to Our Financial Performance — Our future results may fluctuate, fail to match past performance or fail to

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meet expectations as a result of conditions beyond our control, such as general economic conditions in the overseas and domestic markets, cyclical and other market conditions within our industry and the financial health and viability of our suppliers and customers.”

OUR CUSTOMERS

During the Track Record Period, our customers primarily included (i) MEMS sensor manufacturers, (ii) major chipmakers and (iii) independent semiconductor testing service providers. 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 or regions in Asia). We served 239, 272, and 299 customers in 2023, 2024, and 2025, respectively. Our revenue was strategically concentrated among leading players in their respective downstream markets, with our top 25, 18, and 17 customers collectively contributing over 80% of total revenue in 2023, 2024, and 2025, respectively. The average revenue generated per such customer amounted to RMB9.4 million, RMB30.0 million and RMB41.3 million in 2023, 2024 and 2025, respectively. Notably, 24 of our top 25 customers in 2023 continued generating revenue in 2024 or 2025, validating the strength of our technology leadership and proven quality.

Our overall customer retention rates were 64.9%, 56.1% and 49.3% in 2023, 2024, and 2025, respectively, calculated as customers that made revenue contribution in the current year minus new customers added during the year, divided by customers that had revenue contribution in the immediately preceding year. The declining overall retention rate primarily reflects natural churn among smaller, occasional buyers in our customer “long tail” who typically represent less than 1% of annual revenue individually, including customers completing one-time development projects, experiencing business difficulties, or exiting after legacy product procurement cycles concluded. This long-tail churn has minimal revenue impact given our revenue concentration among strategic customers, who have demonstrated exceptional stability and significant volume growth throughout the Track Record Period.

The following table sets forth the movement of the number of customers and customer retention rates during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
Number of customers that had revenue contribution in the immediately preceding year	185	239	272
Addition ⁽¹⁾	119	138	165
Reduction ⁽²⁾	65	105	138
Number of customers that made revenue contribution in the current year	<u>239</u>	<u>272</u>	<u>299</u>

Notes:

- (1) Refers to customers who made revenue contribution in the current year but had no revenue contribution in the immediately preceding year.
- (2) Refers to customers who made revenue contribution in the immediately preceding year but had no revenue contribution in the current year.

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In each of 2023, 2024 and 2025, our five largest customers together contributed RMB133.9 million, RMB310.1 million and RMB456.0 million of revenue, respectively, accounting for approximately 46.9%, 54.6% and 52.8% of our total revenue, respectively. In addition, revenue generated from our largest customer accounted for approximately 13.2%, 25.4%, and 18.0% of our total revenue in each of 2023, 2024 and 2025, respectively.

The following table sets forth the details of our five largest customers in each year during the Track Record Period:

Year Ended December 31, 2025

Customer	Major products or services provided by us	Credit terms and payment method	Revenue	As a percentage of our total revenue	Year of commencement of business relationship with us	Background
			(RMB'000)	(%)		
Customer B	Semiconductor test probes	Up to 60 days; bank transfer	155,136	18.0	2019	A Santa Clara-based full-stack computing company, focusing on providing AI and deep learning solutions, established in 1993, listed on the Nasdaq.
Customer A	Miniature transmission systems	Up to 90 days; acceptance of bill of exchange	142,610	16.5	2022	A Suzhou-based intelligent manufacturing company, focusing on the research, development, and manufacturing of smart home appliances, established in 2018.
Customer D	MEMS micro- and nanofabrication components	Up to 90 days; bank transfer	64,003	7.4	2023	A Guangzhou-based intelligent manufacturing company specializing in consumer electronics, automotive, artificial IoT, and medical fields, established in March 2014.
Customer C	MEMS micro- and nanofabrication components	Up to 120 days; acceptance of bill of exchange	56,131	6.5	2015	A Weifang-based company focusing on the development of acoustics, optics, microelectronic and enclosure components, established in 2001, listed on the Shenzhen Stock Exchange.
Customer E	MEMS micro- and nanofabrication components	Up to 60 days; bank transfer	38,110	4.4	2016	A Tianshui-based domestic and international electronic component wholesalers and authorized distributor, established in July 2022.
			<u>455,990</u>	<u>52.8</u>		

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Year Ended December 31, 2024

Customer	Major products or services provided by us	Credit terms and payment method	Revenue	As a percentage of our total revenue	Year of commencement of business relationship with us	Background
			(RMB'000)	(%)		
Customer A	Miniature transmission systems	Up to 60 days; bank transfer or acceptance of bill of exchange	144,254	25.4	2022	A Suzhou-based intelligent manufacturing company, focusing on the research, development, and manufacturing of smart home appliances, established in 2018.
Customer C	MEMS micro- and nanofabrication components	Up to 120 days; acceptance of bill of exchange	55,224	9.7	2015	A Weifang-based company focusing on the development of acoustics, optics, microelectronic and enclosure components, established in 2001, listed on the Shenzhen Stock Exchange.
Customer B	Semiconductor test probes	Up to 60 days; bank transfer	44,773	7.9	2019	A Santa Clara-based full-stack computing company, focusing on providing AI and deep learning solutions, established in 1993, listed on the Nasdaq.
Customer F	MEMS micro- and nanofabrication components	Up to 90 days; bank transfer	33,632	5.9	2019	A Tokyo-based electronic components and devices company, established in 1935, listed on the New York Stock Exchange.
Customer G	MEMS micro- and nanofabrication components	Up to 90 days; bank transfer	32,202	5.7	2020	A Delaware-based subsidiary of a New York Stock Exchange-listed Scottsdale-based intelligent manufacturing company, focusing on smart home and home security solutions providing, established in 2018.
			<u>310,085</u>	<u>54.6</u>		

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Year Ended December 31, 2023

Customer	Major products or services provided by us	Credit terms and payment method	Revenue	As a percentage of our total revenue	Year of commencement of business relationship with us	Background
			(RMB'000)	(%)		
Customer D	MEMS micro- and nanofabrication components	Up to 90 days; bank transfer	37,748	13.2	2023	A Guangzhou-based intelligent manufacturing company specializing in consumer electronics, automotive, artificial IoT, and medical fields, established in March 2014.
Customer C	MEMS micro- and nanofabrication components	Up to 120 days; acceptance of bill of exchange	35,986	12.6	2015	A Weifang-based company focusing on the development of acoustics, optics, microelectronic and enclosure components, established in 2001, listed on the Shenzhen Stock Exchange.
Customer F	MEMS micro- and nanofabrication components	Up to 90 days; bank transfer	31,473	11.0	2019	A Tokyo-based electronic components and devices company, established in 1935, listed on the New York Stock Exchange.
Customer G	MEMS micro- and nanofabrication components	Up to 90 days; bank transfer	17,613	6.2	2020	A Delaware-based subsidiary of a New York Stock Exchange-listed Scottsdale-based intelligent manufacturing company, focusing on smart home and home security solutions providing, established in 2018.
Customer H	MEMS micro- and nanofabrication components	Up to 60 days; bank transfer	11,124	3.9	2016	A Massachusetts-based company focusing on design and manufacturing of analog, mixed signal, and digital signal processing ICs, established in 1965, listed on the Nasdaq.
			<u>133,944</u>	<u>46.9</u>		

The fluctuation in the composition and contribution of our top five customers across the Track Record Period reflects the different development trajectories of our three business segments and varying market conditions in their respective downstream industries.

For our miniature transmission systems segment, Customer A emerged as one of our top five customers in 2024 and 2025 due to significant growth in this business line during these years. The downstream consumer electronics and smart home appliance markets experienced a substantial recovery in 2024 and 2025, driving increased orders from Customer A, a leading manufacturer in these sectors. For our semiconductor test probes segment, Customer B became one of our top five customers in 2024 and 2025, coinciding with the rapid expansion of the semiconductor industry during this period. After experiencing a relative downturn in 2023, the semiconductor industry grew significantly in 2024 and 2025, driven by advancements in AI and increased demand for advanced chips. As a major player in the semiconductor testing equipment sector, Customer B substantially increased its procurement from us

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during this industry upswing. Our MEMS micro-and nanofabrication business is characterized by a relatively diversified customer base and a broad product portfolio serving various applications. Consequently, individual customer purchasing volumes tend to fluctuate from year to year based on their specific project requirements and product development cycles, resulting in changes in the ranking of customers within our top five.

While certain business segments exhibit concentration with specific major customers, we do not believe this concentration poses undue business risk. For our miniature transmission systems segment, Customer A accounted for a substantial portion of revenue during the Track Record Period. However, Customer A is a leading manufacturer in the consumer electronics and smart home appliance sectors with a strong market position and diversified product portfolio, providing stability to our revenue stream. Moreover, as the overall miniature transmission systems market continues to expand, we are actively diversifying our customer base. Our revenue from other customers in this segment has grown from RMB10.1 million in 2024 to RMB42.5 million in 2025, demonstrating increasing market penetration beyond Customer A. We are also broadening our product offerings within miniature transmission systems to address different application segments, which naturally leads to customer diversification over time. Our established reputation for quality and reliability has enabled us to attract new customers and expand relationships with existing ones.

For our semiconductor test probes segment, Customer B represents a significant portion of revenue, particularly in 2024 and 2025. This concentration reflects market structure rather than over-reliance, as the semiconductor chip industry is characterized by a relatively concentrated structure with a small number of major global players dominating the market. Customer B is one of the leading companies in this sector, and supplying to such industry leaders is a natural outcome of competing successfully in this market. We supply Customer B with various types of semiconductor test probes for different testing applications and chip types, and this product diversity within the relationship reduces risk associated with any single product line. The semiconductor test probe business involves high technical specifications and rigorous qualification processes, and once qualified, suppliers typically maintain long-term relationships due to the complexity and cost of requalifying alternatives. This creates relationship stability that benefits both parties. Despite Customer B’s significant contribution, we continue to develop relationships with other semiconductor testing equipment manufacturers and semiconductor manufacturers. The semiconductor industry’s expansion, particularly driven by AI and advanced computing applications, is creating opportunities to serve multiple growing customers.

We have implemented various measures to mitigate customer concentration risks, including actively pursuing new customer development initiatives across all business segments, expanding our product portfolio to address broader market applications, maintaining technical excellence and competitive pricing, and monitoring industry trends to anticipate changes in customer demand patterns. Based on these factors, while certain customers contribute significantly to specific business segments, we believe our customer relationships are sustainable and our business is not overly dependent on any single customer to the extent that would materially impair our operations or financial performance.

All of our five largest customers during each year of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during each year of the Track Record Period.

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OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each year of the Track Record Period also acted as our suppliers, or vice versa, in the respective years, which is in conformity with the industry norm according to Frost & Sullivan, including: (i) *Customer C*. We supplied MEMS micro- and nanofabrication components to Customer C and purchased a laser marking machine from Customer C in 2023. The purchase was a one-off transaction made to fulfill our operational requirements. Customer C is a leading manufacturer in the industry, and we selected them based on their technical capabilities and competitive pricing. The purchase price was determined through normal commercial negotiation and was comparable to market rates for similar equipment; (ii) *Customer I*. We supplied semiconductor test probes to Customer I and purchased printed circuit boards from Customer I during the Track Record Period. The purchases from Customer I were made on a recurring basis to meet our operational needs for printed circuit boards used in our wafer testing operations. Customer I is an established printed circuit board manufacturer, and our procurement decisions were based on their product quality, delivery capability, and competitive pricing. Both our sales to and purchases from Customer I were conducted at arm’s length and on normal commercial terms; and (iii) *Supplier K*. We purchased plunger and other components from Supplier K and sold spring probes to Supplier K during the Track Record Period. The sales to Supplier K were trial sales that did not continue beyond the initial transactions. Both the purchases from and sales to Supplier K were conducted at market prices and on normal commercial terms.

The following table sets forth the breakdown of our revenue generated from and purchase amount paid to our overlapping customers and suppliers for the years indicated:

	Year ended December 31,											
	2023				2024				2025			
	Revenue	Gross Profit	Gross Profit Margin	Purchases	Revenue	Gross Profit	Gross Profit Margin	Purchases	Revenue	Gross Profit	Gross Profit Margin	Purchases
	(RMB'000, except for percentages)											
Customer C.	35,986	8,107	22.5%	—	55,224	12,930	23.4%	61	56,131	14,453	25.7%	—
Customer I	5,142	1,286	25.0%	—	3,000	322	10.7%	—	1,296	117	9.0%	56
Supplier K	—	—	—	2,755	10	(7)	(70.0)%	2,103	—	—	—	12,110
Total.	41,128	9,393		2,755	58,234	13,245		2,164	57,427	14,570		12,166

According to Frost & Sullivan, the overlapping of our customers and suppliers is not uncommon in the micro- and nanofabrication industry, where companies often operate multiple business lines across various parts of the value chain. It is not uncommon for industry participants to act both as upstream component suppliers and downstream solution integrators. In our case, overlapping relationships typically arise when semiconductor testing solution providers or semiconductor test probe component providers supply us with printed circuit boards or components for our semiconductor test probe products while also procuring our semiconductor test probes or other components for integration into their own product lines. This dual role is reflective of our ecosystem driven commercialization model and the collaborative structure of the micro- and nanofabrication industry. Our Directors confirm that all transactions with the overlapping customers and suppliers were conducted in the ordinary course of business, on normal commercial terms, and were not inter-conditional. The contractual terms were substantially the same as those with our other customers and suppliers. To the best knowledge of our Directors, all of these parties were Independent Third Parties.

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TRANSFER PRICING ARRANGEMENT

During the Track Record Period, we conducted our operations primarily through our subsidiaries in China and certain overseas subsidiaries to support our expansion into international markets. In connection with these operations, intra-group transactions were carried out among members of our Group, which we refer to as Covered Transactions. These transactions mainly comprised (i) the sales of raw materials, parts, products and machines among our manufacturing entities; (ii) the sales of parts and products by our manufacturing entities to affiliated distribution entities; (iii) the purchase of raw materials by our manufacturing entity to affiliated distribution entity; and (iv) the provision of contract research and development support among affiliated entities. Such transactions were conducted in accordance with our Group’s transfer pricing policy, which is based on the arm’s length principle, and were entered into on normal commercial terms.

Transfer pricing arrangements for such intra-group transactions should be on an arm’s length basis according to the transfer pricing guidelines for multinational enterprises and tax administrations promulgated by the Organization for Economic Cooperation and Development, which we refer to as the OECD Transfer Pricing Guidelines. In this regard, we have engaged an independent transfer pricing advisor to review and assess whether our intra-group transactions are conducted on an arm’s length basis in accordance with the OECD Transfer Pricing Guidelines and applicable transfer pricing laws and regulations in China.

After assessing our transfer pricing arrangements during the Track Record Period, our Directors are of the view that our transfer pricing transactions and arrangements thereunder were generally consistent with the arm’s length principle under both OECD Transfer Pricing Guidelines and the applicable transfer pricing laws and regulations in China, and no significant transfer pricing risk was identified in the Covered Transactions for the Track Record Period.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We maintain and operate a warehouse located in Suzhou, Jiangsu Province, which is used to store raw materials, work in progress and finished goods. In addition to our own warehousing facilities, we also store finished products in customer-designated warehouses under the VMI consignment model. Under this model, inventory management is primarily undertaken by our team, who continuously oversee and optimize inventory practices. Customers who adopt the VMI consignment model typically provide us with periodic demand forecasts for a specified timeframe. Based on these forecasts, we ensure that inventory levels are maintained at or above the minimum thresholds stipulated in the contracts. Customers retrieve products from the inventory as needed and settle payments with us based on the actual quantity requisitioned.

In addition, we contract third-party logistics providers to handle product deliveries. Typically, finished products that successfully pass our quality inspection are transported by our logistics providers directly from our production facilities to our customers, designated warehouses, or other customer-specified locations. For domestic customers, we typically bear the shipping risks from our warehouse until the goods arrive at the warehouse designated by our customers. For overseas sales of semiconductor testing probes, we use Free-on-Board shipping terms, which means our customers arrange and pay for shipping and take responsibility for the goods once they are loaded for shipment. Since these products are small, we typically ship them by international express air delivery. For overseas sales of MEMS products, we deliver the goods to a warehouse designated by the customer,

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usually located in Shanghai. The customer becomes responsible for the goods once they arrive at this designated warehouse. We remain responsible for any loss or damage that occurs before the goods reach the designated warehouse.

We select logistics partners based on stringent criteria, including their reputation, operational scale, track record, and pricing. Agreements with these providers are typically structured as long-term contracts or short-term contracts with automatic renewal clauses. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any significant disruptions in our warehousing or delivery operations, nor did we suffer material losses attributable to delayed deliveries or mishandling by our service providers.

Our inventory primarily consists of raw materials, such as stainless steel, copper, iron, nickel, and various alloys, along with purchased components and plastic pellets, work in progress, finished goods, and contract costs. As of December 31, 2023, 2024 and 2025, our inventory balances were RMB70.2 million, RMB98.8 million and RMB104.9 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 105 days, 65 days and 53 days, respectively. 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. We coordinate with suppliers to confirm the overall raw material procurement status, including procurement lead times and/or any potential delays, which are then submitted to our planning team for record-keeping. The team calculates safety stock levels based on procurement lead times, while also aligning with forecasted customer demand. To maintain our competitive edge and meet evolving market demands, we have implemented a series of measures to optimize inventory levels, including reducing inventory backlogs and enhancing inventory management processes.

Our inventory management system is supported by robust internal procedures, including standardized submission and approval processes for logistics and purchase orders. We employ ERP software to monitor inventory levels, ensuring optimal stock levels for raw materials and finished products. This system also allows us to track the real-time movement of inventory into and out of our warehouses. We employ a dynamic inventory management system to enhance operational efficiency. During peak production seasons, we maintain an inventory of raw materials sufficient to support approximately one week of production. Conversely, in off-peak periods, inventory levels are strategically reduced to around three days of supply. This approach is supported by strict inventory control measures to ensure an optimal balance between operational continuity and cost management.

A dedicated working group within our finance team oversees inventory audits and inspections, with findings and discrepancies promptly reported to senior management. Based on these measures, our Directors confirm that our inventory management systems and policies have been effective throughout the Track Record Period and up to the Latest Practicable Date. We have not experienced any material supply shortages or significant overstocking issues during this period.

COMPETITION

The micro- and nanofabrication industry, currently with over 100 active participants, is highly competitive and fast-moving. This is driven by three key factors. First, the industry features a diverse range of players with overlapping technical capabilities. This enables customers to adopt multi-sourcing strategies, thereby placing constant pressure on suppliers regarding quality, delivery, and cost. Second, competition is multi-dimensional, extending far beyond price. Suppliers must excel simultaneously in

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areas such as process maturity, yield, reliability, delivery cycles, and intellectual property protection. Strong execution capability is as critical as technical prowess. Finally, the short product lifecycles and rapid technological innovation in downstream applications, especially in semiconductors and MEMS, mean that each new product generation triggers a re-evaluation of suppliers. Consequently, past success offers no guarantee of future contracts, creating a state of perpetual competition.

We compete globally with MEMS component manufacturers and semiconductor test probe manufacturers, as well as other precision micro- and nanofabrication players, including specialty foundries, wafer-level packaging providers, and vertically integrated OEMs with in-house production. Competition turns on process breadth and maturity, yield and reliability, cycle time and on-time delivery, cost structure, engineering support and co-development, quality certifications and protection of intellectual property and know-how. Despite high entry barriers, new capacity and entrants continue to emerge, and some customers pursue insourcing or dual-sourcing. See “Industry Overview.”

LICENSES, PERMITS AND APPROVALS

As advised by our PRC Legal Advisors, throughout the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China. We are required to renew such certificates, permits and licenses from time-to-time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

The table below sets forth our material licenses, approvals and permits.

No.	Holder	Name of License, Approval and Permit	Expiration Date
1	Our Company	Pollutant Discharge Permit	August 5, 2030
2	Our Company	Receipt of Registration for Pollutant Discharge from Fixed Pollution Sources	November 21, 2029
3	Our Company	Registration as a Consignor and Consignee of Imported and Exported Goods with PRC Customs	Valid for an indefinite term
4	Suzhou Yoke	Receipt of Registration for Pollutant Discharge from Fixed Pollution Sources	March 24, 2030
5	Suzhou Yoke	Registration as a Consignor and Consignee of Imported and Exported Goods with PRC Customs	Valid for an indefinite term
6	Suzhou UIGreen	Registration as a Consignor and Consignee of Imported and Exported Goods with PRC Customs	Valid for an indefinite term

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AWARDS AND ACHIEVEMENTS

The table below sets forth the significant recognition we received as of the Latest Practicable Date.

Award/Recognition	Award Year	Awarding Institution/Authority
Specialized and Innovative Key “Little Giant” Enterprise (專精特新重點“小巨人”企業)	2022	Ministry of Industry and Information Technology of PRC (中華人民共和國工業和信息化部)

EMPLOYEES

As of December 31, 2025, we had 896 full-time employees. The following is a breakdown of our employees by function as of the dates indicated:

Function	As of December 31, 2025	
	Number of Employees	% of Total
R&D	152	17.0
Sales and marketing	37	4.1
Manufacturing	456	50.9
Quality control	127	14.2
Others	124	13.8
Total	896	100.0

As of December 31, 2025, approximately 98.4% of our employees were based in the PRC, while our other employees were primarily based in Switzerland, Japan and the U.S..

The ability to attract, retain, and inspire talented professionals is fundamental to our success. To achieve this, we provide competitive compensation packages, including performance-driven cash bonuses, designed to reward and incentivize exceptional contributions. We believe our strong reputation, collaborative work culture, robust training programs, comprehensive benefits, and employee share incentive plan position us as an employer of choice for highly skilled individuals. Our recruitment strategy leverages multiple channels, including employee referrals, online platforms such as our corporate website and social media, and targeted on-campus recruitment events. We are confident that our competitive remuneration and supportive workplace culture enable us to secure and retain top-tier talent, ensuring the stability and strength of our core management team.

As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. We also purchase accidental insurance for some of our production staff. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business.

During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain of our employees as required by relevant laws and regulations, which are not in strict compliance with the applicable laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we were not imposed any material administrative penalties as a result

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of our non-compliance with PRC laws and regulations in relation to social insurance and housing provident fund. Our PRC Legal Advisors are of the view that the likelihood of us being subject to centralized collection of the outstanding historical social insurance and housing provident fund contributions and any material penalties due to the failure to provide such contributions in full amount for our employees is remote, according to the applicable regulatory policies, provided no claims or complaints are filed against us by our employees and no significant changes in existing laws, regulations, policies, or implementation or supervision requirements of the relevant government authorities. See “Risk Factors — Risks Relating to Our Operations — Failure to comply with PRC laws and regulations in relation to social insurance premium and housing provident funds may subject us to penalties and have an adverse impact on our financial conditions and results of operations.”

We enter into standard labor, confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires one to two years after the termination of the employment relationship, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

Our employees are not currently represented by any labor union. We believe that we maintain a good working relationship with our employees, and we did not experience any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance coverage for employers’ liability, key R&D equipment, cargo in transit, public liability, and property risks. These insurance policies cover the risk of damage arising from natural disasters and certain accidents. Most of our insurance policies are subject to standard deductions, exclusions and limitations. We believe that our insurance coverage is in line with industry practice in the PRC, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. For more information, please refer to “Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage, which could expose us to significant costs and business disruption.”

PROPERTIES

Leased Properties

Our corporate headquarters are located in Suzhou, Jiangsu Province, China. As of the Latest Practicable Date, we leased (i) three properties in the PRC with an aggregate GFA of approximately 4,795.3 sq.m. and (ii) two properties offshore in Japan and Switzerland, with an aggregate GFA of approximately 636.0 sq.m., all from Independent Third Parties. Our lease agreements in respect of the abovementioned leased properties generally have lease terms ranging from one to three years.

As of the Latest Practicable Date, we had not completed the registration of two lease agreements in relation to our leased properties in China with the relevant PRC government authorities, primarily because landlords failed to cooperate to complete the lease registration. Given there are sufficient alternative premises in the market if we need to relocate, our Directors are of the view that such defects did not have any factual impact and would not have any potential impact on our ability to use such properties. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will

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not affect its legality, validity or enforceability. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. We estimate that the penalties we may be subject to for these unregistered lease agreements will be immaterial. Therefore, we believe that the failure to register these lease agreements will not have any material adverse impact on our financial condition or results of operations. We will actively liaise with the respective lessors to complete the registration of all such lease agreements, if possible. See “Risk Factors — Risks Relating to Our Operations — Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.”

Owned Land and Properties

As of the Latest Practicable Date, we obtained land use rights certificates for three parcels of land with an aggregate site area of approximately 100,064.7 sq.m. in the PRC. These parcels of land are generally used for production purpose.

As of the Latest Practicable Date, we owned 11 properties in China with a GFA of approximately 34,564.9 sq.m. in aggregate. We have obtained title certificates for these properties. As confirmed by our PRC Legal Advisors, we legally and validly own the aforementioned properties, with no existing or potential ownership disputes.

As of the Latest Practicable Date, we did not have any property interests that generated rental income with a carrying amount accounting for 1% or more of our Group’s total assets, nor did we have any single property interest forming part of our non-property activities with a carrying amount equal to or exceeding 15% of our Group’s total assets. Accordingly, we are not required to include a property valuation report in this document pursuant to Rule 5.01A of the Listing Rules. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties arising from the non-registration of our lease agreements, and had not experienced any dispute arising out of, or in relation to, our leased properties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

ESG Governance

We believe that ESG matters are critically important to its sustainable development. Therefore, based on the securities regulations of China and the Hong Kong Special Administrative Region, we focus on corporate governance, environmental protection, social responsibility and other sectors, and are committed to creating long-term value for the shareholders, customers, employees and other stakeholders.

We have established a three-level management structure supported by more than 10 employees with ESG expertise (including industry knowledge and experience, financial knowledge, risk management experience, personnel management experience, etc.) The Board of Directors, as the top decision-making level, is responsible for: (i) reviewing the annual corporate governance report and the ESG report; and (ii) overseeing ESG-related developments. The Strategic and ESG Committee, as the management level, is responsible for: (i) carrying out research, analysis and evaluation on ESG-related matters, including but not limited to our ESG policies, strategies, objectives and framework, and providing recommendations on improving our ESG performance or relevant major decisions; (ii)

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organizing or coordinating regular supervision and inspection on the implementation and progress of our ESG initiatives, including but not limited to the advancement of ESG objectives; and (iii) reviewing our annual ESG report and other ESG-related disclosure documents and reporting to the Board of Directors. Department heads, as the implementation level, are responsible for strictly implementing the ESG strategies, objectives and management systems established by the decision-making level, integrating ESG requirements into daily departmental business processes, and ensuring the effective advancement of ESG initiatives at the practical operation level.

Anti-commercial Bribery and Anti-corruption

We have established an institutional framework against commercial bribery and corruption. In addition to formulating internal guidelines in accordance with relevant laws and regulations such as the Prevention of Bribery Ordinance (《防止賄賂條例》), we also strengthen multi-party supervision through signing legally binding instruments. At the customer level, we typically require our customers to sign an integrity and clean commitment letter (《誠信廉潔承諾書》), specifying the integrity standards to be followed by both parties in business dealings and the liabilities for breach. At the supplier level, we typically require our suppliers to sign an anti-commercial bribery agreement (《反商業賄賂協議》), prohibiting benefit transfers between both parties during cooperation and specifying the liabilities for breach. At the employee level, we typically require our employees to sign an integrity and self-discipline commitment letter, covering daily duty behaviors and other integrity norms, complemented by regular compliance training to deepen our employees’ integrity awareness.

We aspire to build an integrity-based cooperation ecosystem among customers, suppliers and us through the above multidimensional measures, eradicating commercial bribery and unfair competition at the source. During the Track Record Period and up to the Latest Practicable Date, we have been free from any commercial bribery and corruption.

Environmental Compliance Management

Tackling Climate Change

By establishing the greenhouse gas emission control procedure (《溫室氣體排放控制程序》), we regularly monitor climate-related key indicators, continuously improves energy consumption management, and focuses on reducing greenhouse gas emissions during operation. As a consequence, we have achieved a significant reduction in both electricity consumption and carbon emission intensity in 2024 compared to 2023. Meanwhile, we have set annual carbon emission reduction targets based on actual operating conditions, aiming to achieve a 5% reduction per RMB10,000 of output value by 2025. The table below sets forth our greenhouse gas emissions for the indicated years¹:

¹ Our carbon dioxide emissions from 2023 to 2025 cover Scope 1 (direct emissions) and Scope 2 (indirect emissions) in its own operational stages, with subsidiaries being excluded from the statistics. The greenhouse gas accounting methods are “Greenhouse Gas Accounting System: Enterprise Accounting and Reporting Standards” and “Greenhouse Gas Accounting System: Enterprise Value Chain (Scope 3) Accounting and Reporting Standards”; the coefficients are based on the “2006 IPCC National Greenhouse Gas Inventory Guidelines”. Given the complexity of Scope 3 emissions data, we have initiated the identification process and are advancing it in phases. Currently, we are focusing on the accounting basis for Scope 1 and 2. In the future, we will gradually incorporate Scope 3 systematically into the disclosure framework.

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		For the Year ended December 31,		
		2023	2024	2025
		Unit		
Scope 1 emissions	tCO ₂ e	31.0	21.0	19.0
Scope 2 emissions	tCO ₂ e	5,720.0	8,011.0	10,527.0
Total emissions	tCO ₂ e	5,751.0	8,032.0	10,546.0
Greenhouse gas emission intensity	tCO ₂ e /RMB10,000 revenue	0.2	0.1	0.1

Energy and Resource Utilization

Our energy and resource consumption is mainly concentrated in electricity and water. Based on production characteristics, schedules and water/electricity budgets, we have set the annual electricity and water consumption targets for 2025 at 4.5 kWh/1,000 products and 13.5 tons/1,000 products respectively, thereby promoting the management and sustainable utilization of energy and resources.

To achieve the above targets, we have implemented various initiatives to save energy and water resources in both office operations and production processes. In office operations, we regularly publicize and promote energy-saving awareness, post electricity and water-saving reminders in workplaces, utilize energy-efficient office and lighting equipment, and advocate for a paperless office. In production processes, our cooling system uses recycled water, with an annual recycled water volume exceeding 30,000 tons, ensuring the fulfillment of water-saving target.

In 2025, our electricity and water consumption volumes were 2.2 kWh/1,000 products and 4.2 litre/1,000 products respectively, both meeting the annual targets for electricity and water consumption². In the future office operations and production processes, we will continue to uphold the energy-saving principle and fulfill the annual electricity and water-saving targets.

		For the Year ended December 31,		
		2023	2024	2025
		Unit		
Energy				
Purchased electricity	kWh	9,935,760.7	13,802,887.3	17,946,097.9
Total energy consumption	tce	1,221.1	1,696.4	2,212.29
Energy consumption intensity ³	tce/RMB10,000	0.04	0.03	0.03
Water resource				
Total water consumption	Ton	13,762.9	22,504.8	32,419.0
Water consumption intensity	Ton/RMB10,000	0.5	0.4	0.4

² Due to the implementation of effective energy-saving measures from 2024 to 2025, both energy consumption and water resource consumption intensity have significantly declined, resulting in actual performance far exceeding the expected targets.

³ The data fluctuation in 2023 mainly due to the simultaneous operation of both the Putuoshan Road Plant and the Emeishan Road Plant, leading to an increase in public auxiliary equipment and a corresponding rise in electricity consumption.

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Pollutant Discharge

Our primary emissions include waste gases and wastewater from production processes. To mitigate environmental impact, we have actively implemented multiple treatment measures. In 2024, both waste gas emission and wastewater discharge met the standards:

For waste gas management, in accordance with relevant laws and regulations such as the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), we have established a series of institutional guidelines, including the waste gas management and control procedure (《廢氣管理和控制程序》), clearly identifying that the primary types of waste gases generated during the production processes are non-methane hydrocarbons and particulate matters. In terms of non-methane hydrocarbons, we utilize activated carbon for absorption or oil mist filter attached to the equipment for filtration; while in terms of particulate matters, we use dust removal equipment for dust removal, ensuring up-to-standard emission.

For wastewater management, in strict accordance with the Law of the People’s Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), we have established the wastewater management and control procedure (《廢水管理和控制程序》). Domestic wastewater after treatment by septic tank is discharged, together with drainage from the cooling system and wastewater from pure water preparation, into the Suzhou Sci-Tech City’s wastewater treatment works through the municipal wastewater pipe network, ensuring up-to-standard discharge of wastewater. We have developed a pollutant discharge permit and a self-monitoring plan, and entrusted a qualified testing agency to monitor the wastewater quality at the main discharge outlet. In case of abnormal results, we will analyze the causes and conduct resampling in accordance with the monitoring plan.

		For the Year ended December 31,		
		2023	2024	2025
		<i>Unit</i>		
Waste gases				
Particulate matters	Ton	0.3	0.3	2.2
VOCs	Ton	0.8	0.8	1.0
Total waste gas emissions	Million cubic meter	183.2	193.7	242.1
Wastewater				
Suspended matters	Ton	0.2	0.4	0.1
Chemical oxygen demand	Ton	1.1	1.7	0.4
Ammonia-nitrogen	Ton	0.1	0.2	0.1
Total phosphorus	Ton	0.02	0.03	0.01
Total wastewater discharge	Ten thousand tons	1.1	1.8	2.6

Waste Disposal

We have established the waste management procedure (《廢棄物管理程序》) in strict accordance with relevant laws and regulations such as the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》). Our wastes generated during production and operation mainly include: (i) hazardous wastes such as spent cutting fluid, waste hydraulic oil, waste glue, used packaging containers and spent activated carbon; (ii) non-hazardous wastes such as obsolete scraps, used packaging materials, collected dust, used cloth bags and material remnants; and (iii) household wastes and kitchen wastes. We have standardized the construction of hazardous waste storage facilities, with Internet-connected video

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surveillance being provided in the warehouse. For transportation, we have entrusted qualified service providers to transfer the wastes. We have achieved 100% compliance treatment for hazardous wastes and non-hazardous wastes, along with 100% collection of household wastes and kitchen wastes, all of which are entrusted to qualified service providers for recycling and disposal.

		For the Year ended December 31,		
		2023	2024	2025
	<i>Unit</i>			
Hazardous wastes	Ton	115.8	177.1	256.1
Hazardous waste generation intensity	Ton/RMB10,000	0.004	0.003	0.003
	revenue			
Non-hazardous wastes ⁴	Ton	199.1	411.8	581.1
Non-hazardous waste generation intensity . .	Ton/RMB10,000	0.007	0.007	0.007
	revenue			

Ecosystem and Biodiversity Protection

We actively adhere to environmental protection laws and regulations and policy requirements, having developed an environmental aspects analysis and evaluation form (《環境因素分析評價表》) and obtained ISO 14001 environmental management system certification. Focusing on ecosystem and biodiversity protection, we document environmental aspects and impacts (including effects on habitats and species diversity), clarify their status and situation, and make classification according to the dimensions such as water body, atmosphere, ecology, and biodiversity. By combination with regulatory compliance and consideration on dimensions such as impact scale and frequency, we determine the significance of aspects to ecological protection. This ensures that throughout the project planning and construction phases, the constraints of “Ecological Conservation Redline, Environmental Quality Baseline, Resource Utilization Upper Limit and Negative List of Environmental Access” are strictly implemented. During the performance record period, the company did not have any circumstances where it was subject to significant administrative penalties from the environmental protection authorities for violating relevant environmental protection laws, regulations and normative documents.

Social Responsibility

Employee Rights & Interests and Employment

We believe that employees are the core driving force for a company’s development. We strictly adhere to relevant laws and regulations such as the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), and the Law of the People’s Republic of China on the Protection of Women’s Rights and Interests (《中華人民共和國婦女權益保障法》), having established an equitable and inclusive employment system and working environment. In addition, we ensure a compliant and transparent recruitment process, as well as fully disclosed post standards. In terms of employment, we uphold the principle of equality and prohibit all forms of discrimination. All individuals, regardless of gender, age, ethnicity, religious belief or physical condition, are entitled to fair employment opportunities. In terms of working environment, we have established the female employees and minors protection regulation (《女工和未成年人保護制度》) to prevent them from being engaged in toxic, hazardous, or dangerous tasks.

⁴ The data scope for non-hazardous wastes excludes household wastes and kitchen wastes.

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We strictly safeguard employees’ rights and interests, and provide them with the Five Social Insurances and One Housing Fund in full compliance with legal requirements. In addition to basic rights and interests, we also provide employees with benefits such as paid annual leave, sick leave, festival gift and travelling benefit. Through a well-established salary system, we aim to stimulate employees’ enthusiasm and creativity. The table below sets forth our staff structure for the indicated years:

		As of December 31,		
		2023	2024	2025
By gender				
Male	Person	448	486	593
Female	Person	222	237	303
By educational background				
Bachelor degree or above	Person	123	147	185
Below bachelor degree	Person	547	576	711
By age				
Age 30 and below	Person	186	181	260
Age 30 – 50	Person	466	515	615
Age 50 and above	Person	18	27	21
By region				
Overseas employees	Person	5	9	14
Employees in Hong Kong, Macao, and Taiwan, China	Person	—	—	2
Employees in Chinese Mainland	Person	665	714	880
Total	Person	670	723	896

Occupational Health and Safety

We have established a series of internal systems, such as the safety production responsibility system (《安全生產責任制度》), fire safety system (《消防安全制度》), occupational disease prevention and control responsibility system (《職業病防治責任制度》), and education and training system for occupational disease prevention and control (《職業病防治宣傳教育培訓制度》). Meanwhile, we have implemented a series of relevant measures. For example, we conduct occupational hazard identification, and fulfill the obligation to inform employees of occupational hazards; and we also establish employee health cards to confirm health status through occupational health examinations (pre-job, during-employment and post-leaving), and making timely adjustments based on the results. Additionally, we implemented a three-level safety training for new employees, while regularly carrying out hidden danger investigations and emergency drills to strengthen employees’ safety awareness. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major safety accidents, nor had we been subject to any major administrative punishments from safety production supervision departments due to violations of safety production laws and regulations.

Employee Training and Development

We attach great importance on employee training, considering it as a bond between employee growth and corporate development. During the Track Record Period, we have developed comprehensive plans aligned with business demands and employee development goals, and organized multiple training sessions focused on management knowledge and professional skills. These initiatives not only provide employees with platforms for enhancement and growth but also empower teams to translate learning

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into efficiency, thereby ensuring a sustained supply of talents for our high-quality development. Meanwhile, we have implemented an equity incentive mechanism that deeply aligns personal reward with our long-term value, thereby retaining core talents and promoting performance growth.

Supply Chain Security and Management

We have established an excellent supplier management and investigation mechanism, and developed internal systems such as the supplier management procedure (《供應商管理程序》), supplier investigation report (《供應商調查報告》) and contractor construction management measures (《承包商施工管理辦法》), covering the whole process from supplier selection to full-chain collaboration. We carry out supplier selection and management based on quality capabilities and management competencies. In terms of supplier performance evaluation, we mainly assess multiple dimensions such as quality capability, supply capacity and risk management competency, and select those with key technical products for strategic cooperation; while in terms of procedural compliance, we focus on examining suppliers' confidentiality agreements, anti-bribery agreements, environmental agreements, environmental substance investigation and declaration, investigative reports, and quality management system certification to ensure supply chain security.

Meanwhile, we place high importance on supply chain ESG management, comprehensively considers supplier's commitment to social responsibility, investigates whether the supplier fulfills its duties towards society, environment and stakeholders (such as employees, communities, and consumers), and integrates business operation with social value creation (rather than taking profit maximization as the sole objective).

Products and Services-related Safety and Quality

We consistently uphold the business philosophy of “product excellence, technological innovation.” We have not only obtained international quality management system certifications such as IATF16949, ISO 9001 and ISO 13485, but also established a comprehensive management guideline framework centered around the quality policy, end of manufacturing (“EOM”) policy, hazardous substances free (“HSF”) policy and information security management system (“ISMS”) policy. Meanwhile, we persist in using environmentally friendly materials, strictly avoid product contamination, and ensure compliance with all regulatory and customer requirements through continuous improvement.

Information Security and Privacy Protection

We attach great importance on cybersecurity and data protection. In strict accordance with PRC laws and regulations such as the Cybersecurity Law (《網絡安全法》), the Data Security Law (《數據安全法》), the Personal Information Protection Law (《個人信息保護法》), and the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》), we have established internal systems including the information security management manual (《信息安全管理手冊》), the information security emergency response plan (《信息安全應急響應計劃》), the data security management regulations (《數據安全管理規定》), and the personal information protection policy (《個人信息保護制度》). Furthermore, we have successfully obtained ISO 27001 international certification. Based on the above systems, we have established an information security-related organizational structure comprising an Information Security Management Committee, an Information Security Working Group, and a Supervision and Audit Working Group to oversee the implementation of information security management tasks.

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We adopt a multi-layered protection strategy of “Technology + Management + Operation.” In terms of data security, we have implemented classified and graded data management and control, and ensured the full life-cycle data security by in combination with end-to-end encryption, refined privilege management and distributed backup mechanisms. In terms of network security protection, we deploy firewalls, intrusion prevention systems and other measures to build a dynamic defense system. In terms of security awareness cultivation, we regularly organize company-wide security training, and conduct attack-defense drills and emergency response tests. In terms of cooperation with third parties, we strictly execute partner review mechanisms, and continuously iterate and upgrade security strategies and technical measures to ensure that our protection capabilities evolve in step with business development and technological changes, providing a solid guarantee for stable business operation and customer’s data security.

Innovation and R&D

We always anchor our development in innovation and R&D, having established the R&D management system (《研發管理制度》) and continuously increased the investment efforts. On one hand, we solidify the technological foundation of existing products and deepen the market layout; on the other hand, we accelerate the industrialization of new products and promote the rapid transformation of innovative achievements. To solidify the innovation foundation, we continuously upgrade the R&D laboratory environments, providing robust support for technological breakthroughs and product iterations. In specific R&D practices, we not only focus on the continuous optimization for existing equipment performance, but also closely align with market dynamics and customer demands, striving to fully meet diversified customization needs.

We place high importance on intellectual property protection. In strict accordance with the laws and regulations such as the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》) and the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), we have established a series of internal systems including the intellectual property management regulations (《知識產權管理規定》), clarifying the protection measures for patent rights, software copyrights, trademarks, trade names, among others, and comprehensively enhancing the protection efforts. While actively protecting self-owned intellectual property rights, we also fully respect others’ intellectual property rights. We clearly clarify ownership boundaries in collaborative R&D to safeguard the rights and interests of all parties involved.

Social Contributions

We maintain close communication with the communities in all operating locations, actively listen to the needs, and participate in public welfare initiatives such as educational support, environmental protection, disaster relief, emergency response and employee participation into commonweal. We deliver warmth through both financial donations and volunteer services, and contribute to social development with practical actions. During the Track Record Period, our total investment in public welfare and charity amounted to RMB95,000.

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INFORMATION SECURITY AND PRIVACY PROTECTION

In the course of conducting our business, we collect and process data primarily related to the transactions with our enterprise customers. Adhering to the principle of data minimization, we collect only the essential information from our customers, suppliers and other third-party service providers solely to facilitate the sales and delivery of our products, as well as to provide after-sales services.

We have established a comprehensive data security and information management system to ensure the integrity of our systems and the privacy of our data. We have implemented several security measures, including firewalls, intrusion prevention systems, regular penetration tests, vulnerability scans, and disaster recovery plans. We also encrypt data and utilize email security protection systems. We have also adopted encrypted algorithms to store sensitive data and strictly execute data accessing and transmitting policies to ensure the confidentiality of our data. We have developed internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing and established a set of internal protocols on data security, which set forth detailed, stringent requirements in relation to the use, disclosure and protection of confidential information. We have adopted a data backup mechanism and system to minimize the risk of data loss.

Looking forward, we remain dedicated to strengthening our data security framework, prioritizing innovation and adaptability in our practices to meet the growing expectations of data protection in global markets. Our PRC Data Compliance Legal Advisors are of the view that we have been in compliance with the relevant PRC laws and regulations relating to cybersecurity and data protection in all material aspects during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material or systematic non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

Compliance with the U.S. Sanction Laws

We have obtained an independent legal opinion from the International Sanction Counsel regarding our exposure to sanctions and export-control regulations in accordance with Chapter 4.4 of the Guide for New Listing Applicants. As advised by the International Sanction Counsel, we have not engaged in any transactions that would constitute a violation of applicable U.S. or international primary or secondary sanctions laws, nor have we undertaken any activities that would be prohibited under comparable regimes in other major jurisdictions during the Track Record Period and up to the Latest Practicable Date. We have conducted limited sales to certain customers designated under the U.S. Entity List. All relevant products were developed and manufactured entirely in the PRC and do not incorporate U.S.-origin controlled items above the de minimis threshold under §734.4 of the EAR. Moreover, such transactions did not trigger licensing requirements under the EAR’s Foreign-Produced Direct Product Rules. Certain customers are also listed under the NS-CMIC and CMC Lists, which do not prohibit commercial dealings by non-U.S. persons. We have not conducted business in or with entities from comprehensively sanctioned jurisdictions, including Iran, North Korea, Cuba, or the Crimea region during the Track Record Period and up to the Latest Practicable Date. Accordingly, our International Sanction Counsel is of the view that our Group’s exposure to sanctions risk is remote and does not pose any material adverse impact on our operations or [REDACTED] suitability.

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The International Sanction Counsel further noted that (i) our operations and transaction flows are conducted in jurisdictions not subject to comprehensive or regional sanctions; (ii) we maintain procedures to assess the export-control classification of our products and the eligibility of our counterparties under relevant sanctions regimes; and (iii) our internal compliance policies, including ongoing monitoring and staff training, are aligned with international best practices. Accordingly, our International Sanction Counsel is of the view that our overall exposure to international sanctions and export-control risk is limited and manageable, and does not present any legal impediment to our suitability for [REDACTED] under Chapter 4.4 of the Guide.

Social Insurance and Housing Provident Fund

During the Track Record Period, we had not made social insurance and housing provident fund contributions for some employees in full in accordance with relevant PRC laws and regulations. The shortfall amounts were RMB4.1 million, RMB6.5 million and RMB10.4 million in 2023, 2024 and 2025, respectively. The non-compliance arose primarily due to practical challenges in workforce management: (i) we operate with a large labor force characterized by relatively high employee mobility, particularly in manufacturing positions, which created administrative challenges in maintaining full compliance across all employees at all times; (ii) certain employees were not willing to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary, as such contributions would reduce their take-home pay; and (iii) a significant number of the Company’s employees are migrant workers who typically are not willing to participate in social welfare schemes of the city where they temporarily reside, as such contributions are not transferable among cities and they prefer to participate in social welfare programs in their hometowns where they intend to permanently settle.

According to relevant PRC laws and regulations, the potential penalties are as follows: for outstanding social insurance contributions, the relevant authorities may demand payment within a stipulated deadline, and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments within the prescribed period, we may be liable to a fine ranging from one to three times the amount of the outstanding contributions. For outstanding housing provident fund contributions, we may be ordered to pay the outstanding amount within a prescribed time period. If payment is not made within such period, the housing provident fund management center may apply to PRC courts for compulsory enforcement.

Our PRC Legal Advisor advises that we would be subject to fines only if: (i) the relevant social insurance or housing provident fund authorities determine that the contributions made do not comply with requirements under relevant PRC laws and regulations and order us to pay the outstanding balance within a prescribed period plus late fees; and (ii) we fail to make such payment within the prescribed period as requested by the relevant authorities. We undertake that, if ordered to make such a payment, we will do so within the prescribed time period to avoid penalties.

As of the Latest Practicable Date, (i) we had not been subject to any material administrative penalties with respect to social insurance and housing provident fund contributions during the Track Record Period; (ii) we had not received any notification from relevant PRC authorities requiring payment of material shortfalls or penalties; and (iii) we were not aware of any material employee complaints and has not been involved in any material labor disputes with employees regarding these matters. Based on these factors and the low likelihood of enforcement action given the absence of any

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complaints or enforcement notices to date, our PRC Legal Advisor is of the view that the risk of our Company being subject to material penalties is remote. As a result, we had not made provisions for the shortfall in social insurance and housing provident funds.

We have implemented comprehensive rectification measures to prevent future occurrences of such non-compliance. We are actively communicating with employees to seek their understanding and cooperation in complying with the applicable payment base, recognizing that full compliance also requires additional contributions from employees. We have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a regular basis to ensure ongoing compliance. We have established processes to keep abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident funds, and will consult with PRC legal counsel on a regular basis for advice on relevant regulatory requirements and developments.

We undertake to make timely payments for any deficient amounts and overdue charges as soon as requested by competent governmental authorities, thereby avoiding any potential fines or enforcement actions.

Lease Registration Requirements

As of the Latest Practicable Date, we had not completed the registration of two lease agreements with the relevant PRC government authorities. These two properties have an aggregate GFA of 30 sq. m. and are used solely for business registration and administrative purposes. Neither property is involved in our production activities or core operational functions.

The lease registration was not completed primarily because the respective landlords failed to cooperate in completing the lease registration process with the relevant authorities. Under PRC law, lease registration requires the cooperation and participation of both landlord and tenant, and the Company was unable to complete the registration unilaterally despite its willingness to do so.

According to the Measures for the Administration of Commodity House Leasing, if the relevant PRC government authorities require to rectify the non-registration and the Company fails to do so within the prescribed time period, the Company may be subject to a fine of not less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement. Therefore, the maximum aggregate penalty for the two unregistered leases would be RMB20,000. Given the immaterial nature of the maximum potential penalty amount, we have not made specific provisions for this contingent liability, as it would not have any material impact on the Company’s financial position. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect the legality, validity, or enforceability of the lease contract under the Civil Code of the PRC. The Company has the legal right to use these properties for the agreed purposes throughout the lease term notwithstanding the lack of registration with authorities.

We believe that we do not face material operational or financial impact even if required to vacate these properties for the following reasons. First, both properties are used solely for business registration purposes and are not involved in any production or operational activities. Our actual business operations would not be disrupted by relocation. Second, the aggregate GFA of only 30 sq. m. is minimal and represents an insignificant portion of our total operational space. Third, there are sufficient alternative office premises available in the market in Suzhou Industrial Park for business registration

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purposes, and relocation could be completed within a short timeframe with minimal associated costs. We estimate that relocation, if required, could be accomplished within approximately one to two weeks with costs not exceeding RMB10,000 for moving and re-registration expenses.

As of the Latest Practicable Date, the Company has not received any notice from relevant government authorities requiring rectification of the lease registration, nor has it been subject to any penalties. Based on: (i) the absence of any enforcement action or notices to date; (ii) the minimal nature of the properties involved; (iii) the fact that non-registration does not affect lease validity; and (iv) the immaterial maximum penalty amount, our PRC Legal Advisor is of the view that the likelihood of the Company being penalized is low. Even if penalties were imposed, the maximum amount of RMB20,000 would be immaterial and would not have any material adverse effect on the Company’s business, financial condition, and results of operations.

In the future, we will emphasize compliance with property registration requirements as part of our overall compliance framework and will take prompt action to rectify any future registration deficiencies that may arise.

Legal Proceedings

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. For more information, please refer to “Risk Factors — Risks Relating to Our Operations — We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business. Unfavorable results of legal and regulatory proceedings could materially adversely affect our business and financial condition and performance.” As of the Latest Practicable Date, we were involved in the following ongoing legal proceedings: (i) *a labor dispute with a former employee*. This case is a labor dispute with our Company as the plaintiff. In this case, we seek a court judgment that we are not required to pay the defendant overtime wages of approximately RMB71.6 thousand and that all litigation costs be borne by the defendant; and (ii) *a sales contract dispute with a former customer*. This case is a sales contract dispute with our Company as the plaintiff. In this case, we seek a court judgment that the defendant pay the outstanding purchase price of approximately RMB54.5 thousand and overdue payment interest, and that all litigation costs be borne by the defendant. As of the Latest Practicable Date, neither the case had yet been heard in court. In addition, during the Track Record Period, we were involved in a construction contract dispute with our Company as the defendant and counterclaim plaintiff. The case was filed with the Suzhou Huqiu District People’s Court in April 2024. The case involves three construction contracts signed in February 2022 for renovation work at our factory premises, with a total contract estimated value of approximately RMB2.05 million. The plaintiff claims payment of construction costs totaling approximately RMB1.2 million plus overdue interest. We filed a counterclaim seeking compensation of approximately RMB1.5 million for repair costs related to quality defects identified in the construction work. In September 2024, the court issued its judgment ordering us to pay the plaintiff approximately RMB0.8 million in construction costs after offsetting our counterclaim award for quality defect repairs, together with overdue interest. The judgment also dismissed the remainder of both parties’ claims. The financial impact of this judgment has been fully recognized and reflected in our audited consolidated statements of profit or loss for the year ended December 31, 2025. As of the Latest Practicable Date, there had been no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on business, financial condition and results of operations.

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INTERNAL CONTROL AND RISK MANAGEMENT

It is the responsibility of our Board to ensure that we maintain sound and effective internal controls and risk management system to safeguard our shareholders’ investment and our assets. The objectives of our risk management system are to: (i) identify potential events that may impact us, ensuring relevant risks are controlled within acceptable and appropriate levels relative to our objectives; (ii) facilitate accurate and reliable communication of information to both internal and external stakeholders of our Company; (iii) ensure compliance with our business operations; (iv) enhance the efficiency and effectiveness of our business activities, thereby reducing uncertainties in achieving operational goals; and (v) establish crisis management plans for significant risks to protect our Company from substantial losses due to catastrophic risks or human errors. Our Audit Committee is responsible for reviewing the regulations and primary objectives related to risk management, submitting an annual comprehensive risk management report to the Board, reviewing risk management strategies and solutions for significant risks, and addressing other matters related to comprehensive risk management as authorized by the Board. Our internal audit department is tasked with implementing our risk management policies and systems. Other departments and business units are coordinated and supervised by the internal audit department in their risk management efforts.

The typical operating procedures of our risk management work include the following: (i) collecting information related to risk management, including historical data and future forecasts. Specifically, in terms of strategic risk, we extensively gather cases where domestic and international companies have suffered losses due to uncontrolled strategic risks; in financial risk, we collect cases of financial crises caused by uncontrolled financial risks; in market risk, we gather cases where companies have suffered losses due to neglecting market risks and lacking response measures; in operational risk, we collect information relevant to our Company and industry; and in legal risk, we gather cases where companies have suffered losses due to neglecting legal and regulatory risks and lacking response measures; (ii) assessing the significance and likelihood (or frequency and probability) of risks; (iii) senior management assists the Board in determining a unified risk appetite and tolerance based on business characteristics, and establishes risk warning lines and corresponding countermeasures; (iv) senior management formulates risk management solutions for significant risks based on risk management strategies; and (v) senior management supervises the implementation of risk management, making timely improvements based on changes and any deficiencies. Our approach also involves the continuous enhancement of internal control mechanisms and regular reviews of our risk management policies and internal control measures to maintain their effectiveness and adequacy, ensuring that our operations align with industry standards and regulatory requirements.

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic, which began in early 2020 continued to spread worldwide through 2022 including in regions where we have business operations. To contain the spread of COVID-19 in our offices and production facilities and safeguard employee well-being, we implemented mitigation measures, including remote-work arrangements, social-distancing and mask-wearing protocols. Our supply chain, daily operations and financial results were not materially adversely affected during the Track Record Period. With the normalization of operations in 2023 following COVID-19, we ramped up business development and returned administrative personnel to the office, resulting in higher selling and marketing expenses and administrative expenses. As the COVID-19 pandemic has subsided, we do not expect further material adverse impact on our business or financial performance, although we will continue to monitor developments. See “Risk factors — Risks Relating to Our Operations — Any catastrophes, including natural disasters, outbreaks of health epidemics and other extraordinary events, could disrupt our business operations.”

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board is responsible for, and has general powers over, the management and operation of our business. Our Board currently consists of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. All Directors are elected by the general meeting of Shareholders for a term of three years. The following table sets forth certain information of our Directors.

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Role and responsibilities
Mr. LUO Xingshun (駱興順)	51	- Chairman of the Board - Executive Director - General manager	June 2012	June 2012	Formulating corporate and business strategies and overseeing the overall operation and management of our Group
Mr. LIU Zhiwei (劉志巍)	46	- Executive Director - Deputy general manager - General manager of micro precision component department	December 2019	January 2018	Overseeing the technology strategies, customer development, talent building, and operation and management of the micro precision component department of our Group
Mr. QIAN Xiaochen (錢曉晨)	49	- Executive Director - Deputy general manager - Head of R&D center	January 2023	June 2012	Overseeing the overall technology development and the upgrading and innovation of technology of our Group
Mr. MA Hongwei (馬洪偉)	51	Non-executive Director	February 2020	June 2012	Providing professional opinion and judgement to our Board
Dr. XU Yan (徐岩).	62	Independent non-executive Director	September 2025	September 2025	Providing independent advice and judgment to our Board
Dr. QI Xiaoyan (戚嘯艷)	62	Independent non-executive Director	September 2025	September 2025	Providing independent advice and judgment to our Board
Dr. JIANG Yan (蔣琰)	54	Independent non-executive Director	September 2025	September 2025	Providing independent advice and judgment to our Board

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. LUO Xingshun (駱興順), aged 51, is one of our founders, the chairman of the Board, an executive Director and the general manager of our Company. He was appointed as a Director of our Company on June 18, 2012 and re-designated as our executive Director on September 17, 2025 with effect from the [REDACTED]. He was also an executive director of Suzhou UIGreen and an executive director and the general manager of SIG UIGreen.

With over 20 years of industry experience, Mr. Luo gained in-depth understanding of the industry where our Group operates and acquired rich management experience from his previous work experience and the management and development of our business. Prior to the establishment of our Group, Mr. Luo worked at Knowles Electronics (Suzhou) Co., Ltd. (樓氏電子(蘇州)有限公司) from June 2004 to May 2006. Subsequently, he served as the executive director and general manager of Suzhou UIGreen Precision Technologies Co., Ltd. (蘇州和林精密科技有限公司) from October 2007 to March 2020.

Mr. Luo obtained a master’s degree in business administration from Southwest Jiaotong University (西南交通大學) in June 2003, and an executive master’s degree in business administration from the Hong Kong University of Science and Technology (香港科技大學)(“HKUST”) in June 2014.

Mr. LIU Zhiwei (劉志巍), aged 46, is an executive Director, the deputy general manager of our Company and the general manager of our micro precision component division. He was appointed as a Director of our Company on December 20, 2019 and re-designated as our executive Director on September 17, 2025 with effect from the [REDACTED].

Mr. Liu has over 20 years of experience in engineering. Prior to joining the Group, Mr. Liu worked at Qisda (Suzhou) Co., Ltd. (蘇州佳世達電通有限公司), formerly known as BenQ Information Technology Co., Ltd. (明基電通信息技術有限公司), from September 2001 to April 2003. From May 2003 to September 2005, Mr. Liu worked at Knowles Electronics (Suzhou) Co., Ltd. (樓氏電子(蘇州)有限公司). Subsequently, he worked at Antares Advanced Test Technologies (Suzhou) Co., Ltd. (安拓銳高新測試技術(蘇州)有限公司) (and its predecessor Kulicke & Soffa (Suzhou) Limited (庫力索法半導體(蘇州)有限公司)) till December 2017.

Mr. Liu obtained a bachelor’s degree in logistics management from Henan University of Technology (河南工業大學)(formerly known as Zhengzhou University of Engineering (鄭州工程學院)) in June 2001, and a master’s degree in business administration from Tongji University (同濟大學) in March 2011.

Mr. QIAN Xiaochen (錢曉晨), aged 49, is one of our founders, an executive Director, the deputy general manager of our Company and the head of our R&D center. He served as a Director of our Company from June 2012 to December 2019. He was then re-appointed as a Director of our Company on January 4, 2023 and re-designated as our executive Director on September 17, 2025 with effect from the [REDACTED].

Mr. Qian has over 25 years of experience in engineering. Prior to joining the Group, he worked at TongFu Microelectronics Co., Ltd. (通富微電子股份有限公司) (formerly known as Nantong Fujitsu Microelectronics Co., Ltd. (南通富士通微電子有限公司)) from August 1998 to November 1999. He then worked at Foxconn (Kunshan) Computer Connector Co., Ltd. (富士康(昆山)電腦接插件有限公司) from February 2001 to February 2002. Subsequently, he served at Total Precision Systems (Suzhou)

DIRECTORS AND SENIOR MANAGEMENT

Co., Ltd. (天泰精密電子(蘇州)有限公司) from July 2002 to February 2009. From March 2009 to December 2016, he was a deputy general manager of R&D department at Suzhou UIGreen Precision Technologies Co., Ltd. (蘇州和林精密科技有限公司).

Mr. Qian obtained a bachelor’s degree in mold design and manufacturing from Jiangsu University of Technology (江蘇理工大學) in June 1998.

NON-EXECUTIVE DIRECTOR

Mr. MA Hongwei (馬洪偉), aged 51, is one of our founders and a non-executive Director of our Company. He was appointed as a Director of our Company on February 8, 2020 and re-designated as our non-executive Director on September 17, 2025 with effect from the [REDACTED].

Mr. Ma has over 20 years of experience in business management. Prior to joining the Group, Mr. Ma founded Jiangsu Provision Electronics Co., Ltd. (江蘇普諾威電子股份有限公司) in April 2004, serving as the manager and executive director from April 2013 to January 2014, and the chairman of the board since January 2014. He has also been a supervisor of Shanghai Xutai Asset Management Co., Ltd. (上海煦泰資產管理有限公司) since August 2015.

Mr. Ma obtained a bachelor’s degree in marketing from Shanghai University of Finance and Economics (上海財經大學) in July 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. XU Yan (徐岩), aged 62, was appointed as our independent Director on September 1, 2025 and re-designated as our independent non-executive Director on September 17, 2025 with effect from the [REDACTED].

Dr. Xu has approximately 40 years of experience in teaching and research on management. From 1988 to 1992, Dr. Xu worked as a lecturer at the Department of Management in Beijing University of Post and Telecommunications (北京郵電大學). From September 1997 to June 2004, he first worked as a visiting assistant professor, and beginning in September 1999, as an assistant professor in the Department of Information and Systems Management, School of Business and Management of HKUST. Dr. Xu served as an associate professor from July 2004 and a professor from July 2019 onwards in the Department of Information Systems, Business Statistics and Operations Management, School of Business and Management of HKUST. From 2011 to 2023, he has also been the associate dean of the EMBA Program for executive education and China strategy in HKUST.

Dr. Xu has been an independent non-executive director of several listed companies, including (i) China Display Optoelectronics Technology Holdings Limited (華顯光電技術控股有限公司) (stock code: 0334.HK) since June 2015, and (ii) Akeso, Inc. (康方生物科技(開曼)有限公司) (stock code: 9926.HK) since April 2020. He was awarded the Innovation Achievement Award of China Information Economics (中國信息經濟學創新成果獎) by China Information Economics Society (中國信息經濟學會) in December 2022.

Dr. Xu obtained a bachelor’s degree in radio communications engineering and a master’s degree in communications and electronic system from Beijing University of Posts and Telecommunications (北京郵電大學) in July 1984 and July 1987, respectively. He further received a doctor’s degree for research in the Department of Human Resource Management from University of Strathclyde in July 1997.

DIRECTORS AND SENIOR MANAGEMENT

Dr. QI Xiaoyan (戚嘯艷), aged 62, was appointed as our independent Director on September 1, 2025 and re-designated as our independent non-executive Director on September 17, 2025 with effect from the [REDACTED].

Dr. Qi has over 25 years of experience in teaching and research on economics. Dr. Qi joined Southeast University (東南大學), serving as an associate professor in accounting at the school of economics and management from April 2000. She has been a professor in accounting at Southeast University Cheng Xian College (東南大學成賢學院) since April 2014. She also served as the chairman of the board of Nanjing Caisui Intelligent Technology Co., Ltd. (南京財燧智能科技有限公司) from October 2019 to August 2023.

Dr. Qi was an independent director of several listed companies, including: (i) Micro-Tech (Nanjing) Co., Ltd. (南微醫學科技股份有限公司) (stock code: 688029.SH) from March 2017 to May 2023, (ii) Jiangsu Yoke Technology Co., Ltd. (江蘇雅克科技股份有限公司) (stock code: 002409.SZ) from April 2018 to May 2024, and (iii) Nanjing Dashu Intelligent Science and Technology Co., Ltd. (南京大樹智能科技股份有限公司) (stock code: 430607.NEEQ) from January 2022 to November 2023. She has also been an independent director of Jiangsu Aidea Pharmaceutical Co., Ltd. (江蘇艾迪藥業集團股份有限公司) (stock code: 688488.SH) since March 2022.

Dr. Qi obtained a bachelor’s degree in water transport economics from Shanghai Maritime University (上海海事大學) (formerly known as Shanghai Maritime College (上海海運學院)) in July 1985, a master’s degree in accounting from Nanjing University (南京大學) in May 2001 and a doctor’s degree in management science and engineering from Southeast University (東南大學) in November 2007. Dr. Qi was qualified as an accountant by Ministry of Finance of the PRC (中國財政部) in May 1997. She won the Excellent Paper Awards for Young Scholars in Philosophy and Social Sciences Academic Conference in Jiangsu Province (江蘇省哲學社會科學界學術大會青年學者專場優秀論文) in November 2008 and Excellent Achievement of “Social Science Applied Research Excellent Project” in Jiangsu Province (江蘇省“社科應用研究精品工程”優秀成果) in December 2008.

Dr. JIANG Yan (蔣琰), aged 54, was appointed as our independent Director on September 1, 2025 and re-designated as our independent non-executive Director on September 17, 2025 with effect from the [REDACTED].

Dr. Jiang has extensive experience and expertise in accounting and management. She served as an associate professor from July 2006 to August 2011 and subsequently served as a professor starting from August 2011 at Nanjing University of Finance and Economics (南京財經大學). From 2018 to 2023, Dr. Jiang served as the deputy dean in the school of business administration in Nanjing University of Finance and Economics (南京財經大學). Subsequently, she worked in the department of accounting and finance of Nanjing University of Information Science and Technology (南京信息工程大學). Dr. Jiang has also been an independent director of Shanghai Electric Wind Power Group Co., Ltd. (上海電氣風電集團股份有限公司) (stock code: 688660.SH) since March 2024.

Dr. Jiang obtained a bachelor’s degree in accounting from Nanjing University of Finance and Economics (南京財經大學) (formerly known as Nanjing University of Economics (南京經濟學院)) in June 1995, a master’s degree in forestry economics and management from Nanjing Forestry University (南京林業大學) in July 1999, and a doctor’s degree in business administration from Nanjing University in December 2004. She was recognized as the professor by the Human Resources and Social Security

DIRECTORS AND SENIOR MANAGEMENT

Department of Jiangsu Province (江蘇省人力資源和社會保障廳). She won the third and second prize of the 12th and 15th Outstanding Achievement Award of Philosophy and Social Sciences in Jiangsu Province (江蘇省哲學社會科學優秀成果獎) in November 2012 and November 2018, respectively.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. The table below sets forth certain information in respect of the senior management members of our Company:

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities
Mr. LUO Xingshun (駱興順)	51	- General manager - Chairman of the Board - Executive Director	June 2012	June 2012	Formulating corporate and business strategies and overseeing the overall operation and management of our Group
Mr. LIU Zhiwei (劉志巍)	46	- Deputy general manager - General manager of micro precision component department - Executive Director	December 2019	January 2018	Overseeing the technology strategies, customer development, talent building, and operation and management of the micro precision component department of our Group
Mr. QIAN Xiaochen (錢曉晨)	49	- Deputy general manager - Head of R&D center - Executive Director	December 2016	June 2012	Overseeing the overall technology development and the upgrading and innovation of technology of our Group
Mr. ZHAO Chuan (趙川)	38	- Board secretary - Joint company secretary	August 2021	June 2020	Overseeing the corporate governance, capital management, investor relations and securities affairs of our Group
Mr. WANG Junwei (王軍委)	38	Financial director	July 2023	August 2017	Overseeing the financial operations and management of our Group

The following sets forth the biographies of our senior management members.

Mr. LUO Xingshun (駱興順), see “— Executive Directors” in this section for details.

DIRECTORS AND SENIOR MANAGEMENT

Mr. LIU Zhiwei (劉志巍), see “— Executive Directors” in this section for details.

Mr. QIAN Xiaochen (錢曉晨), see “— Executive Directors” in this section for details.

Mr. ZHAO Chuan (趙川), aged 38, joined our Group in June 2020 as the representative of securities affairs and has been our Board secretary since August 2021. He was also appointed as a joint company secretary of our Company on September 1, 2025 with effect from the [REDACTED].

Mr. Zhao is experienced in corporate and securities management. Prior to joining our Group, Mr. Zhao served as the representative of securities affairs at Great Chinasoft Technology Co., Ltd. (金陵華軟科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002453.SZ) from August 2018 to June 2020.

Mr. Zhao obtained his bachelor’s degree in financial management from Beihang University Beihai College (北京航空航天大學北海學院) in July 2012. In October 2017, he obtained the secretary of the board of directors qualifications (董事會秘書資格) from the Shenzhen Stock Exchange. In December, 2020, he obtained the secretary of the board of directors qualifications from the Shanghai Stock Exchange.

Mr. WANG Junwei (王軍委), aged 38, joined our Group in August 2017 as the cost manager of finance department and has been our financial director since July 2023.

Mr. Wang has over ten years of experience in management. Prior to joining our Group, Mr. Wang worked at Casetek Computer (Suzhou) Co., Ltd. (凱碩電腦(蘇州)有限公司) from December 2010 to June 2012. He worked at Suzhou YUTO Printing Co., Ltd. (蘇州裕同印刷有限公司) from March 2015 to August 2016. From September 2016 to July 2017, he worked at Jiangsu Suiyi Information Technology Co., Ltd. (江蘇隨易信息科技有限公司).

Mr. Wang obtained his bachelor’s degree in statistics from Changshu Institute of Technology (常熟理工學院) in June 2010. In October 2022, he obtained the Certified Management Accountant Certificate (註冊管理會計師證書) from the Institute of Certified Management Accountants of the United States.

OTHER INFORMATION

Save as disclosed in this section and the paragraph headed “Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders,” each of our Directors confirms that:

- (1) he/she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in September 2025, and understands his/her obligations as a director of a [REDACTED] issuer under the Listing Rules;
- (2) he/she does not have any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);
- (3) he/she has no interest in the Shares within the meaning of Part XV of the SFO;

DIRECTORS AND SENIOR MANAGEMENT

- (4) he/she has not been a director of any other publicly listed company during the three years prior to and as of the Latest Practicable Date;
- (5) other than being a Director and/or member of our senior management, he/she does not have any relationship with any other Directors, senior management or substantial shareholders of our Company;
- (6) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses; and
- (7) he/she did not have any interest in or engage in any business, other than our Company, which competes or is likely to compete, either directly or indirectly, with our Company’s businesses, and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

Each of our independent non-executive Directors has confirmed:

- (1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;
- (2) that he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and
- (3) that there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

In October 2025, Mr. Luo received a warning letter (the “**Warning Letter**”) from the Jiangsu Bureau of the CSRC and a regulatory letter (the “**Regulatory Letter**”) from the company management department of the STAR Market, respectively, in relation to non-compliance incidents (the “**Incidents**”) where Mr. Luo (i) disposed of part of his A Shares during the period between June 2025 and September 2025 in the volume exceeding the limit of no more than 187,000 A Shares (the “**Disposal Limit**”) as previously disclosed in the disposal plan (the “**A Share Disposal Plan**”) and (ii) after his disposal of A Shares failed to promptly disclose his shareholding change resulting in his interest having crossed over a whole percentage number in July 2025. Such Incidents constituted a breach of PRC regulations in relation to information disclosure.

The Incidents occurred primarily due to Mr. Luo’s unfamiliarity with the stock trading software for his disposals and his inadvertent oversight of the change of his interest crossing over a whole percentage number. Such Incidents did not involve any intentional fraud or bad faith of Mr. Luo. Immediately upon becoming aware of the Incidents, Mr. Luo proactively communicated with the regulatory authorities and promptly repurchased the A Shares on the secondary market as required by the relevant authority so that the decreased volume of A Shares held by Mr. Luo did not exceed the Disposal Limit. He also informed our Company to disclose his shareholding changes and that he had voluntarily terminated the A Share Disposal Plan ahead of the previously disclosed schedule.

To prevent future recurrence of similar incidents, Mr. Luo has (i) attended enhanced training on stock trading and information disclosure; (ii) formulated a long-term rectification plan to strengthen his understanding of regulations and compliance awareness. Mr. Luo also undertook that he would (i) fully communicate with our Company’s securities affairs department in advance before conducting any stock

DIRECTORS AND SENIOR MANAGEMENT

trading to ensure that his trading complies with the relevant disposal plan and regulatory requirement; (ii) strictly follow the trading plan and check the trading volume in real time; (iii) promptly notify the securities affairs department upon completion of any stock trading and cooperate in checking the shareholding percentage and fulfilling disclosure obligations. Our Company also held enhanced training for the board secretary and the representative of securities affairs on securities laws and regulations. Our Company’s securities affairs department has established a personal stock trading ledger to specifically manage and monitor the trading plans, trading records, disclosure documents, and other related materials, so as to maintain a multi-layered control mechanism.

We have submitted a written report to the Jiangsu Bureau of CSRC in October 2025, and the regulatory authority did not provide any further comments thereupon. As of the Latest Practicable Date, no further regulatory actions had been taken against Mr. Luo by the relevant authorities in relation to the Warning Letter, the Regulatory Letter or the Incidents. As advised by our PRC Legal Advisors, (i) as of the date of this document, the relevant competent authorities have not taken further regulatory measures against Mr. Luo in respect of the Incidents; (ii) the Regulatory Letter and the Warning Letter are merely regulatory measures, which are not administrative penalties stipulated in the Administrative Penalty Law of the PRC; and (iii) such regulatory measures are not imposed on our Company’s principal conduct and will not affect our Company’s normal production, operation and management activities.

We are of the view that the Incidents do not affect the suitability of Mr. Luo to serve as a Director, having considered that (i) the Incidents were not due to any intentional fraud or bad faith of Mr. Luo, nor did the Warning Letter or the Regulatory Letter cast any doubt on his qualifications or integrity to serve as a Director; (ii) as advised by our PRC Legal Advisors, the Warning Letter or the Regulatory Letter is not an administrative penalty or a material non-compliance pursuant to the applicable PRC laws and regulations; (iii) Mr. Luo has not been disqualified from serving as a Director or senior management member of our Company as a result of the Incidents; and (iv) Mr. Luo has not had any similar non-compliance incident since the occurrence of the Incidents. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisors’ view above, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with our view regarding Mr. Luo’s suitability to serve as a Director of our Company.

Save as disclosed herein, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in this section and the paragraph headed “Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders,” each of our senior management members confirms that:

- (1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;
- (2) other than being a Director and/or member of our senior management, he/she does not have any relationship with any Directors, other members of senior management or substantial shareholders of our Company as of the Latest Practicable Date;
- (3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and
- (4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Mr. ZHAO Chuan (趙川), see “— Senior Management” in this section for details.

Ms. CHAN Ching Nga (陳靜雅), was appointed as a joint company secretary of our Company on March 30, 2026 with effect from the [REDACTED].

Ms. Chan has over 20 years of experience in company secretarial and corporate governance fields and is currently a Senior Manager, Entity Solutions at Computershare Hong Kong Investor Services Limited.

She obtained a master’s degree in corporate governance from The Hong Kong Polytechnic University in October 2012. Ms. Chan is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

COMPLIANCE ADVISOR

We have appointed Sunny Fortune Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;
- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

DIRECTORS AND SENIOR MANAGEMENT

- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Sunny Fortune Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms of the appointment shall commence on the [REDACTED] and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the [REDACTED].

BOARD COMMITTEES

We have established the following four committees under our Board, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of Dr. Qi Xiaoyan, Dr. Jiang Yan and Mr. Ma Hongwei, with Dr. Qi Xiaoyan being the chairperson of the committee. Dr. Qi Xiaoyan holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which includes amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The Nomination Committee consists of Dr. Jiang Yan, Dr. Xu Yan and Mr. Luo Xingshun, with Dr. Jiang Yan being the chairperson of the committee.

DIRECTORS AND SENIOR MANAGEMENT

The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis, assisting our Board in maintaining a board skills matrix, and making recommendations to our Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors;
- supporting our Company’s regular evaluation of our Board’s performance; and
- other duties conferred by our Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Dr. Xu Yan, Dr. Qi Xiaoyan and Mr. Luo Xingshun, with Dr. Xu Yan being the chairperson of the committee.

The primary duties of the Remuneration and Appraisal Committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other duties conferred by our Board.

DIRECTORS AND SENIOR MANAGEMENT

Strategy and ESG Committee

We have established a Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee consists of Mr. Luo Xingshun, Mr. Liu Zhiwei and Dr. Qi Xiaoyan, with Mr. Luo Xingshun being the chairperson of the committee.

The primary duties of the Strategy and ESG Committee are to analyze and make recommendations on the Company’s long-term development strategies, major investment decisions and ESG initiatives, which includes, amongst other things:

- analyzing and making recommendations on the mid-term and long-term development strategy plans of our Company;
- analyzing and making recommendations on major investment and financing proposals needs to be approved by the Board;
- analyzing and making recommendations on other major issues that would affect the development of our Company;
- researching, analyzing and evaluating on ESG-related matters, including our ESG policies, strategies, objectives and governance structure and making recommendations for improving our ESG performance or ESG-related material matters;
- organizing or coordinating to monitor and review the implementation and progress of our ESG initiatives on a regular basis, including but not limited to the advancement of ESG objectives; and
- reviewing our Company’s annual ESG report and other ESG-related disclosure documents and reporting to our Board.

CORPORATE GOVERNANCE

Pursuant to code provision C.2.1 in the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Luo is currently the chairman of the Board and the general manager of our Company. As Mr. Luo has been managing our business and overall strategic planning since the establishment of our Company, our Directors consider that vesting the roles of both the chairman of the Board and the general manager in Mr. Luo ensure the consistent leadership within our Group and is beneficial to our business development and prospect. Taking into account all the corporate governance measures that we are going to implement upon [REDACTED], our Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of the chairman of the Board and the general manager. Our Board will continue to review and consider splitting the roles of the chairman of the Board and the general manager at an appropriate time if necessary, considering the circumstances of our Group as a whole.

DIRECTORS AND SENIOR MANAGEMENT

Saved as disclosed above, as of the Latest Practicable Date and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, the Directors are not aware of any deviation from provisions in the Corporate Governance Code.

BOARD DIVERSITY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We [have adopted] a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contribution that the selected candidates will bring to the Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, engineering, business management, economics and accounting. They obtained degrees in various majors, including business administration, logistics management, mold design and manufacturing, marketing, water transport economics, accounting, management science and engineering, economic management, radio communications engineering and communications and electronic system. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board. Furthermore, our Board has a diverse age and gender representation, ranging from 46 years old to 62 years old and comprising two female Directors. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. We will continue to apply the principles of appointments based on merits with reference to our board diversity policy as a whole.

Besides, we emphasize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels.

Our Nomination Committee is responsible for reviewing the structure and ensuring the diversity of our Board. After the [REDACTED], our Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPENSATION OF DIRECTORS

We offer our Directors remuneration in the form of fees, salaries, allowances, benefits in kind, pension scheme contributions, social welfare and share-based payment expenses. Our Directors’ remuneration is determined with reference to the relevant Director’s experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities.

DIRECTORS AND SENIOR MANAGEMENT

The aggregate amounts of remuneration (including fees, salaries, allowances, benefits in kind, pension scheme contributions, social welfare and share-based payment expenses) which were paid or payable to our Directors for the years ended December 31, 2023, 2024 and 2025 were RMB2.70 million, RMB2.93 million and RMB3.98 million, respectively.

It is estimated that the aggregate amount of remuneration (including salaries, pension scheme contributions and social welfare) payable to our Directors for the financial year ending December 31, 2026 would be approximately RMB3.9 million under arrangements in force as of the date of this document.

For the years ended December 31, 2023, 2024 and 2025, there were two, one and three Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including salaries, allowances, benefits in kind, share-based payment expenses, pension scheme contributions and social welfare) which were paid or payable by our Group to our five highest paid individuals (excluding Directors) for the years ended December 31, 2023, 2024 and 2025 were RMB2.58 million RMB4.44 million and RMB2.66 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors, or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on remuneration of Directors during the Track Record Period as well as information on the five highest paid individuals, see notes 8 and 9 to the Accountants’ Report.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

THE CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Luo and Suzhou Heyang, which is controlled by Mr. Luo in the capacity of general partner, collectively controlled the exercise of the voting rights attaching to an aggregate of approximately 38.04% of our total issued share capital, comprising (i) approximately 33.33% voting rights directly held by Mr. Luo, and (ii) approximately 4.71% voting rights directly held by Suzhou Heyang.

Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Luo and Suzhou Heyang will collectively control the exercise of the voting rights attaching to an aggregate of approximately [REDACTED]% of our enlarged total issued share capital. Therefore, Mr. Luo and Suzhou Heyang will be considered as a group of our Controlling Shareholders for the purpose of the Listing Rules after the [REDACTED].

INTEREST IN COMPETING BUSINESS OF OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders confirm that, as of the Latest Practicable Date, neither of them nor their respective close associates was interested in or engaged in any business, other than our Company, which competes or is likely to compete, either directly or indirectly, with our Group’s businesses and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED], taking into account the factors below.

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the [REDACTED], our Board will comprise seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors, among whom Mr. Luo, the chairman of our Board, an executive Director and our general manager, is one of our Controlling Shareholders. For further details, see “Directors and Senior Management — Executive Directors.” Save as the partnership in Suzhou Heyang, all the other Directors and other members of our senior management are independent from our Controlling Shareholders.

Our daily management and operation decisions are made by our executive Directors and senior management, all of whom have substantial experience in the industry in which we operate and will be able to make business decisions that are in the best interest of our Group. Each of our Directors is aware of his or her fiduciary duties as a Director, which require that he or she acts for the benefit and in the best interests of our Company and do not allow any conflict between his or her duties as a Director and his or her personal interests. We have appointed three independent non-executive Directors in accordance with the requirements of the Listing Rules to ensure that the decisions of the Board are made after due consideration of independent and impartial opinions. We believe that our independent non-executive Directors have the depth and breadth of experience which will enable them to bring independent judgment to the decision-making process of our Board. If there is a potential conflict of

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interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

Based on the above, our Directors believe that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently from our Controlling Shareholders and their respective close associates.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own organizational structure with independent departments assigned to specific areas of responsibilities, which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their respective close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their respective close associates.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders and their respective close associates.

Financial Independence

We have established an independent finance department with a team of financial staff which operates entirely independently of the Controlling Shareholders and their respective close associates. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their respective close associates intervene with our use of funds.

As of the Latest Practicable Date, there were no outstanding loans, advances or non-trade balances due to or from our Controlling Shareholders or their respective close associates, nor were there any other outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We have adopted the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which any of our Controlling Shareholders or their respective close associates has a material interest, our Controlling Shareholders or their respective close associate shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

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- (b) we have established internal control mechanisms to identify connected transactions, where our Company will comply with the applicable Listing Rules including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders’ approval requirements and the conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;
- (c) in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Controlling Shareholders, the Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual report or by way of announcements to the public;
- (d) we have established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code and Corporate Governance Report in Appendix C1 to the Listing Rules. The majority of the members of the aforementioned committees are independent non-executive Directors;
- (e) we have appointed Sunny Fortune Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance; and
- (f) our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] assuming the [REDACTED] is not exercised, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Description of Shares	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] ⁽¹⁾		
			Number of Shares	Approximate percentage of shareholding in the total share capital of our Company	Number of Shares	Approximate percentage of shareholding in our A Shares	Approximate percentage of shareholding in the total share capital of our Company
Mr. Luo	Beneficial owner	A Shares	50,623,757	33.33%	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation ⁽²⁾	A Shares	7,152,860	4.71%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Qian Xiaochen . . .	Beneficial owner	A Shares	11,232,000	7.39%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Ma Hongwei . . .	Beneficial owner	A Shares	7,886,112	5.19%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) Mr. Luo acts as the general partner of Suzhou Heyang. Therefore, Mr. Luo is deemed to be interested in all the Shares held by Suzhou Heyang by virtue of the SFO.

Save as disclosed above and in “Appendix IV — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 1. Disclosure of Interests — (b) Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares,” our Directors are not aware of any persons who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), have interests or short positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and upon the completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB 151,887,826 comprising 151,887,826 A Shares with a nominal value of RMB1.00 each, which are all listed on the STAR Market.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
A Shares in issue	151,887,826	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED].	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
A Shares in issue	151,887,826	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED].	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100%

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under Shanghai-Hong Kong Stock Connect, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be [REDACTED] for or [REDACTED] by Hong Kong and other overseas [REDACTED] and qualified domestic institutional [REDACTED]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by mainland Chinese [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

SHARE CAPITAL

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [REDACTED] of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual [REDACTED] in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We have obtained the approval from our A Shareholders to [REDACTED] H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the Shareholders’ general meeting of our Company held on September 17, 2025 subject to, among other things, the following major terms:

(a) Size of the [REDACTED]

The proposed number of H Shares to be [REDACTED] initially shall not exceed [REDACTED]% of the total number of issued Shares as enlarged by the H Shares to be issued pursuant to the [REDACTED] and before the exercise of the [REDACTED]. The number of H Shares to be issued pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially pursuant to the [REDACTED].

(b) Method of [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] for subscription in Hong Kong and an [REDACTED] to institutional and professional investors.

(c) Target investors

The H Shares shall be [REDACTED] to overseas professional organizations, institutions, individual [REDACTED], the public and other eligible [REDACTED].

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(d) [REDACTED] basis

The [REDACTED] of the H Shares will be determined after due consideration of, among others, the interests of existing Shareholders, the acceptance of investors and the risks related to the [REDACTED] and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(e) Validity period

The approval is valid for 18 months from the date of passing of the resolutions at the Shareholders’ general meeting of our Company held on September 17, 2025.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders’ general meeting is required, see “Appendix III — Summary of Articles of Association.”

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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	23,540	8.2	39,753	7.0	69,556	8.1
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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised, and an [REDACTED] of HK\$[REDACTED] per H Share, being the maximum [REDACTED] stated in this document.

In line with our strategies, we currently intend to apply these [REDACTED] for the following purposes, in the next five years, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used to fund the R&D of next-generation products. In particular:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], for the R&D of high-end semiconductor FT probes for AI chips. We intend to allocate the [REDACTED] primarily to fund R&D in three areas: (a) ultra-hard conductive materials for probe tips, including development of a tungsten–rhenium alloy with a nano-coating stack targeting tip Vickers hardness of at least HV850, contact resistance of no more than 5 mΩ and an reduction in wear rate; (b) micro-pitch compliant probe structures, featuring a suspended dual-contact architecture compatible with a minimum pin pitch of 20 μm and a single-site test life of up to 500,000 touchdowns; and (c) high-frequency signal integrity optimization, using impedance-matching designs and integrated shielding to support 112 Gbps PAM4 transmission while reducing crosstalk;

This investment will comprise hardware equipment and software systems. We intend to acquire: (i) 8 units of R&D equipment to enhance our MEMS micro- and nanofabrication design and prototyping capabilities; (ii) 13 sets of monitoring equipment at an estimated cost to improve our semiconductor test probe performance validation and quality control capabilities; (iii) 7 sets of laser drilling equipment to advance our micro-fabrication precision and miniature transmission system component manufacturing; and (iv) 4 sets of automated assembly equipment to optimize our probe card assembly efficiency and manufacturing yield rates. We plan to procure: (i) 9 simulation software licenses to accelerate MEMS structure design and electromagnetic simulation for our miniature transmission systems; and (ii) 7 emulation software licenses to enhance our device modeling, mechanical stress analysis, and electrical performance prediction capabilities prior to physical prototyping. These equipment and software investments will strengthen our R&D infrastructure, reduce development cycle times for new MEMS devices and semiconductor test solutions, improve product performance validation, and support our pipeline of next-generation products targeting advanced packaging, high-frequency testing, and miniaturized transmission applications.

- (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], for the R&D of soft, flexible probe technologies and test sockets. We intend to allocate the [REDACTED] to fund R&D in the following areas: (a) high-elongation conductive elastomer materials, including development of silicone-based composites incorporating silver nanowires, targeting elongation at break of at least 300% and linear resistance of no more than 0.1 Ω/cm, combining mechanical compliance with electrical conductivity;

FUTURE PLANS AND [REDACTED]

(b) micro-array flexible probe structures, featuring bio-inspired compliant contact structures designed to achieve contact pressure variation of no more than 5% and a per-site test life in excess of 100,000 touchdowns; and (c) high-frequency interference mitigation and signal integrity optimization, including optimization of shielding layers and impedance-matching architectures to support testing across 5G and millimeter-wave frequency bands while reducing insertion loss; and

We intend to acquire: (i) 2 sets of probe R&D equipment to enhance our semiconductor test probe design, prototyping, and performance optimization capabilities; (ii) 15 units/sets of test sockets to expand our probe card testing capacity and enable comprehensive electrical performance validation across diverse semiconductor device types; and (iii) 8 sets of cleanroom construction and equipment to establish controlled manufacturing environments meeting stringent contamination control requirements for MEMS micro- and nanofabrication processes. We plan to procure three software licenses to support probe design simulation, electromechanical modeling, and test data analysis, enabling accelerated development cycles and improved probe performance prediction prior to physical prototyping.

- (iii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], for R&D of thermal management solutions for GPU chips, including heat sinks and other cooling modules. We intend to allocate a portion of the [REDACTED] to fund R&D in the following areas: (i) microchannel vapor-chamber heat spreaders, advancing microchannel vapor-chamber technology to increase effective heat-transfer capacity; (ii) two-phase immersion liquid cooling, developing phase-change dielectric-fluid immersion solutions for high-density GPU clusters, targeting a reduction in cooling power consumption of more than 40% with sealed architectures designed to minimize leakage risk; and (iii) intelligent thermal control algorithms, integrating real-time GPU power and temperature telemetry to dynamically modulate cooling capacity and deliver on-demand cooling. Our [REDACTED] allocated to this initiative are expected to be used for specialized thermal testing and measurement equipment and prototype development facilities, with the remainder to be applied toward procurement of key materials and system validation and certification costs.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be invested in hiring additional expertise and expand our talent pool. In particular:
 - (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to expand our R&D team. We expect to hire approximately 80 additional engineers and scientists for our MEMS micro- and nanofabrication components development team, approximately 50 for our semiconductor test probe development team, and approximately 20 for our miniature transmission systems development team; and
 - (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to expand our sales and marketing team. We plan to hire an additional 70 sales and marketing personnel over the next three years, including 16 personnel for after-sales services, 22 for brand marketing and 32 for market promotion.
- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated to selective acquisitions of companies in our sector and downstream along our value chain. We currently expect to pursue one to two targets with annual revenue of approximately RMB50 million to RMB150 million and valued at around RMB100 million each, in which we would seek to acquire a minority equity interest,

FUTURE PLANS AND [REDACTED]

subject to valuation, due diligence and transaction structuring. The potential acquisition targets are expected to operate in technology segments related to ultra-precision micro- and nano-scale manufacturing, particularly process platforms represented by MEMS technologies and their derivative application areas, such as bio-needle and other micro-structured device solutions. We intend to focus on companies with specialized fabrication capabilities at micron and nano-meter scales, differentiated process know-how, or proprietary technologies that complement our existing technical strengths. In addition to application-layer opportunities, we will also selectively evaluate upstream material suppliers involved in advanced functional materials critical to micro- and nano-fabrication processes. On the downstream side, we aim to collaborate with or invest in companies possessing system integration capabilities, enabling the effective commercialization and industrial-scale deployment of such precision-engineered components. Any such acquisitions would be subject to customary conditions, including satisfactory due diligence, definitive documentation, regulatory approvals and board approval, and may be financed with a combination of [REDACTED], internal resources and/or external financing. As of the Latest Practicable Date, we had not identified any specific acquisition target or entered into any definitive agreement, and there can be no assurance that any acquisition will be completed on the terms described herein, or at all.

- approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be allocated for upgrading and expanding our domestic and overseas marketing and distribution networks to strengthen our global footprint and sales execution. Such allocation is expected to be used to enhance our market promotion efforts, including participation in industry exhibitions and conferences, brand promotion and advertising initiatives, and marketing materials development to increase brand visibility in key domestic and international markets. We also plan to strengthen our sales channel infrastructure and after-sales service network by establishing and upgrading regional service and maintenance centers, customer support facilities and authorized service outlets to improve customer responsiveness and service quality. In addition, we intend to expand our localized support capabilities in selected markets through the establishment of warehouse facilities, showrooms and related logistics arrangements, as well as to invest in digital marketing and customer acquisition initiatives to improve sales conversion efficiency. Through these measures, we aim to enhance our market penetration, strengthen customer engagement and support the commercialization of our next-generation products in both domestic and overseas markets.
- the remaining approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], will be used for working capital and general corporate purposes.

To the extent that the [REDACTED] from the [REDACTED] are either more or less than expected (including as a result of (i) the [REDACTED] being set at a price lower than the maximum [REDACTED]; or (ii) additional [REDACTED] from the exercise of the [REDACTED]), we will adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the [REDACTED] from the [REDACTED].

To the extent that our [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings. To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, the unused [REDACTED] will only be held in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUZHOU UIGREEN MICRO&NANO TECHNOLOGIES CO., LTD., GUOTAI JUNAN CAPITAL LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Suzhou UIGreen Micro&Nano Technologies Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	5	285,514	567,900	864,186
Cost of sales		(225,807)	(478,126)	(706,403)
Gross profit.		<u>59,707</u>	<u>89,774</u>	<u>157,783</u>
Other income and gains	5	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	7	(178)	(1,247)	(357)
Share of profits and losses of associates		(432)	(1,187)	(191)
(LOSS)/PROFIT BEFORE TAX	6	(34,375)	(16,905)	26,315
Income tax credit	10	13,468	8,266	3,480
(LOSS)/PROFIT FOR THE YEAR		<u>(20,907)</u>	<u>(8,639)</u>	<u>29,795</u>
Attributable to:				
Owners of the parent		(20,939)	(8,708)	29,792
Non-controlling interests		32	69	3
		<u>(20,907)</u>	<u>(8,639)</u>	<u>29,795</u>
(LOSS)/EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF THE PARENT				
Basic (<i>RMB</i>)	12	(0.14)	(0.06)	0.20
Diluted (<i>RMB</i>)	12	<u>(0.14)</u>	<u>(0.06)</u>	<u>0.20</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(LOSS)/PROFIT FOR THE YEAR	(20,907)	(8,639)	29,795
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(402)	81	909
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX.	(402)	81	909
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR.	<u>(21,309)</u>	<u>(8,558)</u>	<u>30,704</u>
Attributable to:			
Owners of the parent	(21,340)	(8,632)	30,708
Non-controlling interests	31	74	(4)
	<u>(21,309)</u>	<u>(8,558)</u>	<u>30,704</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	294,338	343,146	374,759
Right-of-use assets	14	27,010	26,785	22,884
Goodwill	18	6,328	726	726
Other intangible assets	15	8,168	9,383	13,635
Investments in associates	17	6,303	10,122	9,804
Financial assets at fair value through profit or loss	24	10,000	16,000	10,358
Prepayments, other receivables and other assets	23	12,961	5,431	43,255
Deferred tax assets	19	9,012	17,583	21,425
Total non-current assets		374,120	429,176	496,846
CURRENT ASSETS				
Inventories	20	70,228	98,820	104,921
Trade and bills receivables at amortised cost	21	116,524	190,457	208,036
Contract assets		—	—	156
Bills receivable at fair value through other comprehensive income	22	5,242	8,036	22,840
Prepayments, other receivables and other assets	23	99,858	70,962	23,381
Tax recoverable		35	69	4,743
Financial assets at fair value through profit or loss	24	—	518,952	—
Restricted cash	25	5,374	788	—
Cash and cash equivalents	25	706,998	90,808	614,970
Total current assets		1,004,259	978,892	979,047

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ACCOUNTANTS’ REPORT

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade and other payables	26	104,579	167,900	198,944
Contract liabilities	27	152	459	705
Interest-bearing bank borrowings	28	29,784	12,010	30,019
Lease liabilities	14	2,341	3,590	2,537
Amounts due to a related company	36(b)	—	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	14	3,569	2,417	62
Provision		—	282	73
Deferred income	29	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
EQUITY				
Equity attributable to owners of the parent				
Share capital	30	89,874	116,836	151,888
Reserves	32	1,134,685	1,091,843	1,075,897
		1,224,559	1,208,679	1,227,785
Non-controlling interests		31	105	101
Total equity		1,224,590	1,208,784	1,227,886

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Reserve fund*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	Note 32	Note 31	Note 32	Note 32				
As at 1 January 2023.	89,874	999,482	39,952	17,735	(319)	111,005	1,257,729	—	1,257,729
Loss for the year	—	—	—	—	—	(20,939)	(20,939)	32	(20,907)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	(401)	—	(401)	(1)	(402)
Total comprehensive loss for the year	—	—	—	—	(401)	(20,939)	(21,340)	31	(21,309)
Share-based payments	—	—	2,550	—	—	—	2,550	—	2,550
Dividends declared and paid . . .	—	—	—	—	—	(14,380)	(14,380)	—	(14,380)
As at 31 December 2023	89,874	999,482	42,502	17,735	(720)	75,686	1,224,559	31	1,224,590

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Reserve fund*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	Note 32	Note 31	Note 32	Note 32				
As at 1 January 2024.	89,874	999,482	42,502	17,735	(720)	75,686	1,224,559	31	1,224,590
Loss for the year	—	—	—	—	—	(8,708)	(8,708)	69	(8,639)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	76	—	76	5	81
Total comprehensive loss for the year	—	—	—	—	76	(8,708)	(8,632)	74	(8,558)
Share-based payments	—	—	(64)	—	—	—	(64)	—	(64)
Capitalisation issue of shares . . .	26,962	(26,962)	—	—	—	—	—	—	—
Dividends declared and paid . . .	—	—	—	—	—	(7,190)	(7,190)	—	(7,190)
Others**	—	6	—	—	—	—	6	—	6
As at 31 December 2024	116,836	972,526	42,438	17,735	(644)	59,788	1,208,679	105	1,208,784

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Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Reserve fund*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 Note 30	RMB'000 Note 32	RMB'000 Note 31	RMB'000 Note 32	RMB'000 Note 32	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025.	116,836	972,526	42,438	17,735	(644)	59,788	1,208,679	105	1,208,784
Profit for the year	—	—	—	—	—	29,792	29,792	3	29,795
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations.	—	—	—	—	916	—	916	(7)	909
Total comprehensive income for the year	—	—	—	—	916	29,792	30,708	(4)	30,704
Share-based payments	—	—	(2,486)	—	—	—	(2,486)	—	(2,486)
Capitalisation issue of shares . . .	35,052	(35,052)	—	—	—	—	—	—	—
Dividends declared	—	—	—	—	—	(9,347)	(9,347)	—	(9,347)
Transfer from retained profits . . .	—	—	—	1,842	—	(1,842)	—	—	—
Others**	—	231	—	—	—	—	231	—	231
As at 31 December 2025	151,888	937,705	39,952	19,577	272	78,391	1,227,785	101	1,227,886

* These reserve accounts represent the total consolidated reserves of RMB1,134,685,000, RMB1,091,843,000 and RMB1,075,897,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

** Others represented increased share of net assets in Jiangsu Furui Weina Sensor Technology, Co., Ltd., an associate of the Company, due to capital injection from other investors.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(34,375)	(16,905)	26,315
Adjustments for:				
Depreciation of property, plant and equipment	6,13	36,955	48,487	58,473
Depreciation of right-of-use assets	6,14	1,594	3,502	4,126
Amortisation of other intangible assets	6,15	621	1,151	1,422
Share-based payment expenses	6,31	2,550	(64)	(2,486)
Share of profits and losses of associates	17	432	1,187	191
Impairment losses on financial and contract assets	6	2,952	4,319	1,187
Impairment of goodwill	6,18	—	5,602	—
Impairment losses on inventories	6,20	11,656	13,214	15,393
Finance costs	7	178	1,247	357
Bank interest income	5	(10,068)	(8,409)	(1,926)
Fair value gains on financial assets at fair value through profit or loss	5,6	—	(952)	(358)
Investment income from structured deposits	5,6	(12,180)	(6,283)	(4,798)
Investment income from financial instruments at amortised cost	5,6	(253)	(377)	(388)
Foreign exchange differences, net	6	(1,881)	270	743
Losses on disposal of items of property, plant and equipment and other intangible assets, net	6	928	133	833
Gain on partial disposal of interest in an associate	5	—	—	(642)
		<u>(891)</u>	<u>46,122</u>	<u>98,442</u>

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Increase in inventories		(20,341)	(41,806)	(21,494)
Increase in trade and bills receivables		(57,728)	(78,019)	(19,925)
Increase in contract assets		—	—	(164)
Decrease/(increase) in bills receivable at fair value through other comprehensive income		23,196	(2,794)	(14,804)
Decrease in prepayments, other receivables and other assets		8,805	10,261	12,137
Decrease in restricted cash		—	303	788
Increase in trade and other payables		23,002	72,061	20,445
(Decrease)/increase in contract liabilities		(739)	307	246
Increase in amount due to a related company		—	817	1,414
Increase/(decrease) in deferred income		753	(1,528)	1,573
Increase/(decrease) in provision		—	282	(209)
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

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ACCOUNTANTS’ REPORT

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of structured deposits		(2,169,800)	(3,544,000)	(2,360,000)
Proceeds received upon maturity of structured deposits.		2,929,693	3,032,682	2,884,061
Purchase of financial instruments at amortised cost.		(370,964)	(921,512)	(1,216,254)
Proceeds received upon maturity of financial instruments at amortised cost . . .		281,216	949,089	1,279,443
Purchases of unlisted equity investments measured at fair value through profit or loss		(10,000)	(6,000)	—
Proceeds from disposal of unlisted equity investments measured at fair value through profit or loss.		—	—	6,000
Purchases of items of property, plant and equipment and right-of-use assets.		(97,233)	(106,590)	(128,654)
Purchases of other intangible assets		(5,169)	(2,366)	(5,674)
Proceeds from disposal of items of property, plant and equipment		869	184	5
Acquisition of a subsidiary	33	(4,858)	—	—
Investment in associates		(6,400)	(5,000)	—
Proceeds from disposal of investments in an associate.		—	—	1,000
Placement of restricted cash		(4,209)	—	—
Withdrawal of restricted cash		—	4,209	—
Net cash flows from/(used in) investing activities.		543,145	(599,304)	459,927

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ACCOUNTANTS’ REPORT

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank loans		29,764	12,000	30,000
Repayment of bank loans		—	(29,764)	(12,000)
Lease payments		(951)	(3,313)	(3,820)
[REDACTED] expense paid		[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid		(14,380)	(7,190)	(9,347)
Interest paid		(70)	(1,074)	(161)
Lease deposits paid and others		(30)	(1,047)	(582)
Net cash flows from/(used in) financing activities.		14,333	(30,388)	(12,418)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		546,422	(615,643)	522,823
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
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	25	712,372	91,596	614,970
Less: Restricted cash	25	(5,374)	(788)	—
Cash and cash equivalents as stated in the consolidated statements of cash flows and statements of financial position		706,998	90,808	614,970

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	291,921	335,124	367,534
Right-of-use assets	14	21,407	22,384	20,889
Other intangible assets	15	6,309	7,834	10,628
Investments in subsidiaries	16	25,100	29,560	41,680
Investments in associates	17	6,303	10,122	9,804
Financial assets at fair value through profit or loss	24	10,000	16,000	10,358
Prepayments, other receivables and other assets	23	12,416	5,059	42,988
Deferred tax assets	19	7,948	16,359	19,423
Total non-current assets		381,404	442,442	523,304
CURRENT ASSETS				
Inventories	20	68,143	97,494	103,649
Trade and bills receivables at amortised cost	21	109,155	184,338	198,879
Bills receivable at fair value through other comprehensive income.	22	5,242	8,036	22,840
Prepayments, other receivables and other assets	23	98,931	69,169	22,348
Tax recoverable		—	—	4,730
Financial assets at fair value through profit or loss	24	—	518,952	—
Amounts due from subsidiaries	16	19,482	17,498	16,558
Restricted cash	25	1,091	—	—
Cash and cash equivalents.	25	685,168	72,763	593,709
Total current assets.		987,212	968,250	962,713

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES				
Trade and other payables	26	93,697	160,359	191,334
Contract liabilities	27	152	314	669
Interest-bearing bank borrowings	28	29,784	12,010	30,019
Amounts due to subsidiaries and a related company	16	185	962	2,894
Lease liabilities	14	—	885	448
Total current liabilities		123,818	174,530	225,364
NET CURRENT ASSETS		863,394	793,720	737,349
TOTAL ASSETS LESS CURRENT LIABILITIES		1,244,798	1,236,162	1,260,653
NON-CURRENT LIABILITIES				
Lease liabilities	14	—	448	—
Provision		—	282	73
Deferred income	29	13,333	11,805	13,378
Total non-current liabilities		13,333	12,535	13,451
Net assets		1,231,465	1,223,627	1,247,202
EQUITY				
Share capital	30	89,874	116,836	151,888
Reserves	32	1,141,591	1,106,791	1,095,314
Total equity		1,231,465	1,223,627	1,247,202

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People’s Republic of China (“**PRC**”) with limited liability on 18 June 2012 and was converted into a joint stock company on 23 December 2019. The Company’s ordinary shares were listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange on 29 March 2021. The registered office of the Company is located at No. 80 Emeishan Road, Hi-tech Industrial Development Zone, Suzhou, Jiangsu Province, the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “**Group**”) were principally engaged in the research and development, design, production and sales of micro-electro-mechanical system (“**MEMS**”) micro- and nanofabrication components, semiconductor test probes and miniature transmission systems.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. Particulars of subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
UIGREEN CO., Ltd.	(a)	Japan/ 28 December 2021	JPY160,000,000	—	100	Research and development (“ R&D ”), production and sales of semiconductor test probes and MEMS micro-and nanofabrication components
蘇州和林微納科技貿易有限公司 Suzhou UIGreen Technology Trading Co., Ltd.	(a)	PRC/Chinese mainland/ 22 October 2021	RMB5,000,000	100	—	Sales of semiconductor test probes and MEMS micro-and nanofabrication components
蘇州工業園區和林微納科技有限公司 Suzhou Industrial Park UIGreen Micro and Nano Technologies Co., Ltd.	(a)	PRC/Chinese mainland/ 27 September 2021	RMB50,000,000	100	—	Technology development, provision of technical services, equipment sales
蘇州永科電子設備有限公司 Yoke Microtronics (Suzhou) Co., Ltd.	(b)	PRC/Chinese mainland/ 6 May 2016	RMB3,417,550	—	100	R&D, production and sales of semiconductor equipment and precision mechanical products
UIGREEN AMERICA, INC.	(a)	United States of America/ 25 April 2023	USD10	—	90	Sales of semiconductor test probes and MEMS micro-and nanofabrication components
UIGreen Switzerland AG.	(a)	Switzerland/ 17 January 2024	CHF 1,000,000	—	100	R&D, production and sales of micro automation equipment
UIGREEN SINGAPORE PTE. LTD . .	(a)	Singapore/ 27 May 2025	SGD 500,000	—	100	Sales of semiconductor test probes and MEMS micro-and nanofabrication components

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Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
UIGREEN HONG KONG LIMITED.	(a)	Hong Kong/ 8 July 2025	HKD10,000,000	100	—	Sales of semiconductor test probes and MEMS micro-and nanofabrication components

The English names of all group companies registered in the Chinese mainland represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

- (a) No audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations.
- (b) The subsidiary was acquired by the Group in 2023 and details of which were set out in note 33 to the Historical Financial Information. The statutory financial statements of Yoke Microtronics (Suzhou) Co., Ltd. for the year ended 31 December 2024 prepared in accordance with generally accepted accounting principles in Chinese mainland have been audited by 天衡會計師事務所(特殊普通合伙) (Talent Certified Public Accountants), a certified public accounting firm registered in Chinese mainland. No audited financial statements have been prepared for the year ended 31 December 2023. Up to the date of this report, the statutory financial statements for the year ended 31 December 2025 have not yet to be issued.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflation Presentation Currency</i> ²
Annual Improvements to IFRS Accounting — Standards Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

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- ¹ Effective for annual periods beginning on or after 1 January 2026
² Effective for annual/reporting periods beginning on or after 1 January 2027
³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

The Group has already commenced an assessment of the impact of other new and amended IFRS Accounting Standards, which are relevant to the Group’s operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when these new and amended IFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results of associates is included in the consolidated statement of profit or loss, respectively. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

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Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain bills receivable at fair value through other comprehensive income, structured deposits and certain unlisted investments at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

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

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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 recognised 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 reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised 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/amortisation) had no impairment loss been recognised 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.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;

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- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) a person identified in (a)(iii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (ix) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	4.75% to 33.33%
Machinery	9.50% to 19.00%
Vehicles	19.00% to 31.67%
Office equipment and tools	9.50% to 19.00%
Electronic devices	19.00% to 31.67%

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 10 years, which is mainly determined by reference to the authorised period of the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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(a) *Right-of-use assets*

Right-of-use assets are recognised 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 recognised, 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 as follows:

Leasehold land	50 years
Machinery equipment	2 years
Plant and properties	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and tools and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For bills receivable at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes structured deposits which do not meet the SPPI criteria, and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and

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rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises 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 the Group expects 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.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables at amortised cost and bills receivables at fair value through other comprehensive income that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include payables and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, payables and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

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Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same

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taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed or deducted from the related expense.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

There are no significant variable consideration and financing component for the Group’s revenue from contracts with customers.

Sales of goods

The Group provides MEMS micro- and nanofabrication components under non-vendor managed inventory consignment sales and vendor managed inventory consignment sales models, semiconductor test probes as well as miniature transmission systems.

Non-vendor managed inventory (“VMI”) consignment sales

Revenue from sales of non-VMI consignment products is recognised 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 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.

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Rental income

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If we perform by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Share-based payments

The Company operates a restricted share incentive scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of the share option is determined using the Black-Scholes option pricing model. Further details of which are given in note 31 to the Historical Financial Information.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but

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without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances

The employees of the Group’s subsidiaries in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases

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when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the beginning of each month.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB using the month-end exchange rate immediately preceding the cash flow transaction date. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determining significant influence over entities for the Group holding less than 20% equity interest

The Group held 5.0%, 4.8% and 4.47% equity interest in Jiangsu Furui Weina Sensor Technology Co., Ltd as at 31 December 2023, 2024 and 2025, respectively, and the Group also held 10% equity interest in Suzhou Yuanxin Private Equity Fund Management Co., Ltd. as at 31 December 2025, which were less than 20%, the Company’s management considers that the Group has significant influence in the two entities. The Group was able to appoint director representative and had the right to participate in the financial and operating policy decisions of Jiangsu Furui Weina Sensor Technology Co., Ltd. and Suzhou Yuanxin Private Equity Fund Management Co., Ltd. Accordingly, the Group accounted for its interests in Jiangsu Furui Weina Sensor Technology Co., Ltd. and Suzhou Yuanxin Private Equity Fund Management Co., Ltd. as associates under equity method during the Relevant Periods.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

As at 31 December 2023, 2024 and 2025, the Group had accumulated tax losses of RMB200,101,000, RMB228,915,000 and RMB216,377,000 carried forward, of which nil, RMB2,665,000 and RMB7,569,000 tax losses related to subsidiaries that have a history of operating losses, which may not be used to offset taxable income elsewhere in the Group, no deferred tax assets are recognised on these tax losses. For the remaining RMB200,101,000, RMB226,250,000 and RMB208,808,000, the Group expects that these entities will generate sufficient taxable income in the future to utilize the losses, and thus recognized deferred tax assets accordingly.

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Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the leases commencement dates, the Group reassesses the lease terms if there are significant events or changes in circumstances that are within its control and affects the Group’s ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., two to three years) and there will be a significant negative effect on production if a replacement is not readily available.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

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

Provision for expected credit losses on trade and bills receivables at amortised cost and contract assets

The Group uses a provision matrix to calculate ECLs for trade and bills receivables at amortised cost and contract assets. The provision rates are based on ageing of trade and bills receivables at amortised cost and contract assets for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group’s historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which may lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and

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forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade and bills receivables is set out in note 21 to the Historical Financial Information.

Leases — estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Impairment of non-current assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets as at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of unlisted equity investments

The Group made investments in certain unlisted companies and those investments are accounted for as financial assets at fair value through profit or loss. The fair values of those investments are determined using valuation techniques and the Group exercises judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in note 39 to the Historical Financial Information. Should any of the estimates and assumptions change, it may lead to a material change in the respective fair values of these financial assets.

Impairment of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group’s provision for its inventories is based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed quarterly, if appropriate. Further details of the inventories are set out in note 20 to the Historical Financial Information.

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4. OPERATING SEGMENT INFORMATION

The board of directors reviews the consolidated results of the Group when making decisions about resource allocation and assessing the performance of the Group. The board of directors considers that the Group operates in one business segment and the measurement of segment results is based on the profit from operations as presented in the consolidated statements of profit or loss and the consolidated statements of comprehensive income.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
China (including Hong Kong and Taiwan) . . .	217,428	430,967	610,024
Overseas	68,086	136,933	254,162
Total revenue	285,514	567,900	864,186

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Almost all of the Group’s non-current assets were located in Chinese mainland.

Information about major customers

The revenue generated from sales to customers which individually amounted to more than 10% of the Group’s total revenue during each of the Relevant Periods is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer C	35,986	*	*
Customer A	*	144,254	142,610
Customer D	37,748	*	*
Customer B	*	*	155,136
Customer F	31,473	*	*

* Less than 10% of the Group’s revenue

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	285,514	565,717	856,971
Revenue from other sources			
Gross rental income.	—	2,183	7,215
Total	285,514	567,900	864,186

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods			
MEMS micro- and nanofabrication components	200,077	255,592	351,272
Semiconductor test probes	57,818	118,173	258,217
Miniature transmission systems	4,079	154,382	185,141
Others*.	23,540	37,570	62,341
Total	285,514	565,717	856,971

* Primarily include revenue from the sale of mould products and scrap materials.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
Goods transferred at a point in time	285,514	565,717	856,971

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	449	152	425

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(b) *Performance obligations*

Information about the Group’s performance obligations is summarised below:

Sales of products

The Group primarily offers MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems. The Group also sells mould products and scrap materials generated during the production process. The performance obligation is satisfied upon customers’ acceptance. Payment terms generally vary from 30 days to 120 days from the invoice date.

All amounts of transaction prices allocated to the performance obligations of sales of goods are expected to be recognised as revenue within one year.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	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 amortised cost	253	377	388
Gain on partial disposal of investment in an associate	—	—	642
Compensation for early termination of the lease	—	2,932	—
Foreign exchange gains	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

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6. PROFIT/(LOSS) BEFORE TAX

The Group’s profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of sales*.		214,151	464,912	691,010
Depreciation of property, plant and equipment.	13	36,955	48,487	58,473
Depreciation of right-of-use assets.	14	1,594	3,502	4,126
Amortisation of other intangible assets.	15	621	1,151	1,422
Research and development expenses*		72,169	56,943	63,357
Lease payments not included in the measurement of lease liabilities	14	666	891	3,023
Auditor’s remuneration		708	716	809
Fair value gains on financial assets at fair value through profit or loss	5	—	(952)	(358)
Impairment losses on inventories.	20	11,656	13,214	15,393
Impairment of goodwill**.		—	5,602	—
Impairment losses on financial and contract assets, net.		2,952	4,319	1,187
Foreign exchange differences, net		(1,881)	270	743
Provision		—	282	73
Losses on disposal of items of property, plant and equipment and other intangible assets		928	133	833
Gain on partial disposal of investment in an associate.		—	—	(642)
Investment income from structured deposits.	5	(12,180)	(6,283)	(4,798)
Investment income from financial instruments at amortised cost.	5	(253)	(377)	(388)
Bank interest income	5	(10,068)	(8,409)	(1,926)
Employee benefit expense (including directors’ and chief executive’s remuneration (note 8)):				
Wages and salaries		90,437	129,742	154,365
Pension scheme contributions and social welfare		24,873	27,932	32,441
Share-based payment expenses.		2,550	(64)	(2,486)

* Cost of sales and research and development expenses include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses. In addition, impairment losses on inventories are not included in “cost of sales”.

** The impairment of goodwill is included in “Other expenses” in the consolidated statement of profit or loss.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

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

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The remuneration paid or payable to directors of the Company during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fees.	180	180	210
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	2,082	2,462	3,637
Pension scheme contributions and social welfare	273	288	294
Share-based payment expenses	162	(1)	(161)
Subtotal	2,517	2,749	3,770
Total fees and other emoluments	2,697	2,929	3,980

Certain directors of the Company are entitled to bonus payments which are determined as performance of the Group.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Dr. Shan Debin.	90	90	60
Dr. Jiang Xiaosan.	90	90	60
Dr. Qi Xiaoyan.	—	—	30
Dr. Jiang Yan	—	—	30
Dr. Xu Yan.	—	—	30
Total	180	180	210

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Dr. Shan Debin and Dr. Jiang Xiaosan were appointed as independent non-executive directors in December 2019 and resigned in September 2025.

Dr. Qi Xiaoyan, Dr. Jiang Yan and Dr. Xu Yan were appointed as independent non-executive directors in September 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Directors and chief executive

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2023				
Director and chief executive:				
Mr. Luo Xingshun	815	91	—	906
Directors:				
Mr. Liu Zhiwei	636	91	—	727
Mr. Qian Xiaochen	631	91	162	884
Mr. Ma HongWei	—	—	—	—
Subtotal	1,267	182	162	1,611
Total	2,082	273	162	2,517

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2024				
Director and chief executive:				
Mr. Luo Xingshun	1,139	96	—	1,235
Directors:				
Mr. Qian Xiaochen	694	96	(1)	789
Mr. Liu Zhiwei	629	96	—	725
Mr. Ma HongWei	—	—	—	—
Subtotal	1,323	192	(1)	1,514
Total	2,462	288	(1)	2,749

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Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2025				
Director and chief executive:				
Mr. Luo Xingshun	1,583	98	—	1,681
Directors:				
Mr. Liu Zhiwei	1,110	98	—	1,208
Mr. Qian Xiaochen	944	98	(161)	881
Mr. Ma HongWei	—	—	—	—
Subtotal	2,054	196	(161)	2,089
Total	3,637	294	(161)	3,770

Mr. Luo Xingshun was appointed as a director and chief executive on 18 June 2012.

Mr. Liu Zhiwei was appointed as a director on 20 December 2019.

Mr. Ma Hongwei was appointed as a director on 8 February 2020.

Mr. Qian Xiaochen was appointed as a director on 4 January 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included 2 directors, 1 director and 3 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 3, 4 and 2 highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses, allowances and benefits in kind	2,029	4,078	2,510
Share-based payment expenses	347	(3)	(125)
Pension scheme contributions and social welfare	204	360	271
Total	2,580	4,435	2,656

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The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2023	2024	2025
Nil to HKD500,000	—	—	—
HKD500,001 to HKD1,000,000	3	3	—
HKD1,000,001 to HKD1,500,000	—	1	1
HKD1,500,001 to HKD2,000,000	—	—	1
Total	3	4	2

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

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

The Company is registered as High and New Technology Enterprises pursuant to the tax regulations of Chinese mainland and is entitled to a preferential income tax rate of 15% during the Relevant Periods.

Certain subsidiaries who met the criteria as small-scaled 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 United States of America

The subsidiary incorporated in the United States 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 USD50,000, and 3% on taxable income in excess of USD50,000 during the Relevant Periods.

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Japan

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

Switzerland

Pursuant to the relevant tax laws, the subsidiary incorporated in Switzerland was subject to corporate income tax rate of 14.6% during the Relevant Periods.

Pillar Two income taxes

The Organisation for Economic Co-operation and Development (“OECD”) published Pillar Two model rules in December 2021, according to which a jurisdiction may enact domestic tax laws (“**Pillar Two legislation**”) to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group is reasonably expected to fall into. As at 31 December 2025, the Group mainly operated in Chinese mainland, in which exposures to Pillar Two income taxes might exist although the legislation was not yet substantively enacted or enacted. Besides, certain subsidiaries of the Company are located in jurisdictions mainly including Japan, Singapore, Switzerland, and United States of America where Pillar Two legislation had been enacted and come to effect from 1 April 2024, 1 January 2025, 1 January 2024 and 1 January 2026, respectively.

Since certain subsidiaries of the Company are within the scope of the OECD Pillar Two model rules, and they apply the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Due to the complexities in applying the Pillar Two legislation and calculating globe income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The entities are currently engaged with tax specialists to assist them with applying the legislation and determining the related impact.

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The income tax (credit)/expense of the Group for the Relevant Periods is analysed as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	26	370	441
Deferred (<i>note 19</i>)	(13,494)	(8,636)	(3,921)
Total tax credit for the year.	<u>(13,468)</u>	<u>(8,266)</u>	<u>(3,480)</u>

A reconciliation of the tax credit applicable to profit/(loss) before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/profit before tax	<u>(34,375)</u>	<u>(16,905)</u>	<u>26,315</u>
Tax at the corporate income tax rate of 25%	(8,594)	(4,226)	6,579
Effect of preferential and different tax rates	3,496	1,705	(2,799)
Adjustments in respect of current tax of previous periods	—	72	258
Effect on opening deferred tax of increase in tax rates	—	—	(535)
Tax attributable to associates.	65	178	(68)
Expenses not deductible for tax.	751	1,126	487
Additional deduction on research and development expenses (<i>a</i>)	(9,186)	(7,519)	(8,133)
Tax losses not recognised	—	397	728
Tax losses utilised from previous periods.	—	—	(2)
Recognition of previously unrecognised tax losses and temporary differences	—	—	(2)
Temporary differences not recognised	—	1	7
Tax credit at the Group’s effective tax rate.	<u>(13,468)</u>	<u>(8,266)</u>	<u>(3,480)</u>

(a) Additional deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the Chinese mainland, enterprises engaging in research and development activities are entitled to claim 200% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the Relevant Periods.

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11. DIVIDENDS

The final dividend of RMB1.6 per 10 shares (tax inclusive) for the year ended 31 December 2022, in an aggregate amount of RMB14,380,000, was approved by the shareholders’ annual general meeting of the Company on 18 May 2023.

The final dividend of RMB0.8 per 10 shares (tax inclusive) for the year ended 31 December 2023, in an aggregate amount of RMB7,190,000 was approved by the shareholders’ annual general meeting of the Company on 16 May 2024.

The final dividend of RMB0.8 per 10 shares (tax inclusive) for the year ended 31 December 2024, in an aggregate amount of RMB9,347,000 was approved by the shareholders’ annual general meeting of the Company on 20 May 2025.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods, as adjusted to reflect the capitalisation issue of shares (note 30).

Diluted earning per share is calculated based on the profit/(loss) attributable to ordinary equity holders of the parent for the Relevant Periods. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods, as used in the basic earnings per share calculation.

The number of the outstanding restricted shares contingently issuable was not included in the diluted earnings per share calculation for the year ended 31 December 2023, 2024, as the Company’s financial performance was not met as at the end of the years.

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(Loss)/earnings			
Attributable to owners of the parent.	(20,939)	(8,708)	29,792
Shares			
Weighted average number of ordinary shares outstanding during the period used in the basic (loss)/earnings per share calculation. .	151,888	151,888	151,888
Basic (loss)/earnings per share (expressed in RMB per share)	(0.14)	(0.06)	0.20
Diluted (loss)/earnings per share (expressed in RMB per share)	(0.14)	(0.06)	0.20

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13. PROPERTY, PLANT AND EQUIPMENT

(1) Details of property, plant and equipment

The Group

	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023							
At 1 January 2023:							
Cost.	105,895	125,313	2,822	41,630	6,361	6,976	288,997
Accumulated depreciation and impairment	(21,703)	(16,828)	(1,160)	(9,651)	(2,933)	—	(52,275)
Net carrying amount	84,192	108,485	1,662	31,979	3,428	6,976	236,722
At 1 January 2023, net of accumulated depreciation and impairment.	84,192	108,485	1,662	31,979	3,428	6,976	236,722
Additions	6,297	31,298	—	14,064	3,429	40,027	95,115
Transfers	—	23,223	—	4,490	505	(28,218)	—
Acquisition of a subsidiary (note 33)	—	843	25	2	283	—	1,153
Depreciation provided during the year.	(11,711)	(14,000)	(555)	(8,544)	(2,145)	—	(36,955)
Disposals	—	(22)	(4)	(1,613)	(58)	—	(1,697)
At 31 December 2023, net of accumulated depreciation and impairment.	78,778	149,827	1,128	40,378	5,442	18,785	294,338
At 31 December 2023:							
Cost.	112,192	179,722	2,773	58,023	10,489	18,785	381,984
Accumulated depreciation and impairment	(33,414)	(29,895)	(1,645)	(17,645)	(5,047)	—	(87,646)
Net carrying amount	78,778	149,827	1,128	40,378	5,442	18,785	294,338

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	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost.	112,192	179,722	2,773	58,023	10,489	18,785	381,984
Accumulated depreciation and impairment	(33,414)	(29,895)	(1,645)	(17,645)	(5,047)	—	(87,646)
Net carrying amount	<u>78,778</u>	<u>149,827</u>	<u>1,128</u>	<u>40,378</u>	<u>5,442</u>	<u>18,785</u>	<u>294,338</u>
At 1 January 2024, net of accumulated depreciation and impairment.	78,778	149,827	1,128	40,378	5,442	18,785	294,338
Additions	1,920	62,380	—	12,427	7,309	13,677	97,713
Transfers	5,183	14,230	—	2,387	231	(22,031)	—
Disposals	—	(49)	—	(354)	(15)	—	(418)
Depreciation provided during the year.	<u>(12,155)</u>	<u>(21,289)</u>	<u>(532)</u>	<u>(11,695)</u>	<u>(2,816)</u>	<u>—</u>	<u>(48,487)</u>
At 31 December 2024, net of accumulated depreciation and impairment.	<u>73,726</u>	<u>205,099</u>	<u>596</u>	<u>43,143</u>	<u>10,151</u>	<u>10,431</u>	<u>343,146</u>
At 31 December 2024:							
Cost.	119,295	255,627	2,773	72,051	17,776	10,431	477,953
Accumulated depreciation and impairment	(45,569)	(50,528)	(2,177)	(28,908)	(7,625)	—	(134,807)
Net carrying amount	<u>73,726</u>	<u>205,099</u>	<u>596</u>	<u>43,143</u>	<u>10,151</u>	<u>10,431</u>	<u>343,146</u>

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	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025							
At 1 January 2025:							
Cost.	119,295	255,627	2,773	72,051	17,776	10,431	477,953
Accumulated depreciation and impairment	(45,569)	(50,528)	(2,177)	(28,908)	(7,625)	—	(134,807)
Net carrying amount	<u>73,726</u>	<u>205,099</u>	<u>596</u>	<u>43,143</u>	<u>10,151</u>	<u>10,431</u>	<u>343,146</u>
At 1 January 2025, net of accumulated depreciation and impairment.	73,726	205,099	596	43,143	10,151	10,431	343,146
Additions	4,246	28,242	—	27,974	3,022	27,440	90,924
Transfers	7,749	8,091	—	2,134	480	(18,454)	—
Disposals	—	(131)	—	(539)	(168)	—	(838)
Depreciation provided during the year.	<u>(11,992)</u>	<u>(27,383)</u>	<u>(438)</u>	<u>(14,293)</u>	<u>(4,367)</u>	<u>—</u>	<u>(58,473)</u>
At 31 December 2025, net of accumulated depreciation and impairment.	<u>73,729</u>	<u>213,918</u>	<u>158</u>	<u>58,419</u>	<u>9,118</u>	<u>19,417</u>	<u>374,759</u>
At 31 December 2025:							
Cost.	131,290	291,256	2,773	100,227	20,421	19,417	565,384
Accumulated depreciation and impairment	(57,561)	(77,338)	(2,615)	(41,808)	(11,303)	—	(190,625)
Net carrying amount	<u>73,729</u>	<u>213,918</u>	<u>158</u>	<u>58,419</u>	<u>9,118</u>	<u>19,417</u>	<u>374,759</u>

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The Company

	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost.	105,895	125,312	2,823	41,161	6,361	6,976	288,528
Accumulated depreciation and impairment	(21,703)	(16,828)	(1,160)	(9,626)	(2,933)	—	(52,250)
Net carrying amount	<u>84,192</u>	<u>108,484</u>	<u>1,663</u>	<u>31,535</u>	<u>3,428</u>	<u>6,976</u>	<u>236,278</u>
At 1 January 2023, net of							
accumulated depreciation	84,192	108,484	1,663	31,535	3,428	6,976	236,278
Additions	5,776	30,975	—	14,363	3,429	39,250	93,793
Transfer	—	23,223	—	4,490	505	(28,218)	—
Disposals	—	(22)	(3)	(1,614)	(58)	—	(1,697)
Depreciation provided during the year.	<u>(11,517)</u>	<u>(13,830)</u>	<u>(532)</u>	<u>(8,508)</u>	<u>(2,066)</u>	<u>—</u>	<u>(36,453)</u>
At 31 December 2023, net of							
accumulated depreciation	<u>78,451</u>	<u>148,830</u>	<u>1,128</u>	<u>40,266</u>	<u>5,238</u>	<u>18,008</u>	<u>291,921</u>
At 31 December 2023:							
Cost.	111,671	178,720	2,749	57,850	10,205	18,008	379,203
Accumulated depreciation and impairment	(33,220)	(29,890)	(1,621)	(17,584)	(4,967)	—	(87,282)
Net carrying amount	<u>78,451</u>	<u>148,830</u>	<u>1,128</u>	<u>40,266</u>	<u>5,238</u>	<u>18,008</u>	<u>291,921</u>

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	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost.	111,671	178,720	2,749	57,850	10,205	18,008	379,203
Accumulated depreciation and impairment	(33,220)	(29,890)	(1,621)	(17,584)	(4,967)	—	(87,282)
Net carrying amount	<u>78,451</u>	<u>148,830</u>	<u>1,128</u>	<u>40,266</u>	<u>5,238</u>	<u>18,008</u>	<u>291,921</u>
At 1 January 2024, net of							
accumulated depreciation	78,451	148,830	1,128	40,266	5,238	18,008	291,921
Additions	323	61,480	—	12,329	6,980	9,722	90,834
Transfer	4,407	14,230	—	2,387	231	(21,255)	—
Disposals	—	(41)	—	(354)	(13)	—	(408)
Depreciation provided during the year.	<u>(11,336)</u>	<u>(20,965)</u>	<u>(532)</u>	<u>(11,634)</u>	<u>(2,756)</u>	<u>—</u>	<u>(47,223)</u>
At 31 December 2024, net of							
accumulated depreciation	<u>71,845</u>	<u>203,534</u>	<u>596</u>	<u>42,994</u>	<u>9,680</u>	<u>6,475</u>	<u>335,124</u>
At 31 December 2024:							
Cost.	116,401	253,876	2,749	71,785	17,310	6,475	468,596
Accumulated depreciation and impairment	(44,556)	(50,342)	(2,153)	(28,791)	(7,630)	—	(133,472)
Net carrying amount	<u>71,845</u>	<u>203,534</u>	<u>596</u>	<u>42,994</u>	<u>9,680</u>	<u>6,475</u>	<u>335,124</u>

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	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025							
At 1 January 2025:							
Cost.	116,401	253,876	2,749	71,785	17,310	6,475	468,596
Accumulated depreciation and impairment	(44,556)	(50,342)	(2,153)	(28,791)	(7,630)	—	(133,472)
Net carrying amount	<u>71,845</u>	<u>203,534</u>	<u>596</u>	<u>42,994</u>	<u>9,680</u>	<u>6,475</u>	<u>335,124</u>
At 1 January 2025, net of accumulated depreciation	71,845	203,534	596	42,994	9,680	6,475	335,124
Additions	4,122	32,153	—	27,970	2,864	22,871	89,980
Transfer.	7,749	1,796	—	2,134	500	(12,179)	—
Disposals	—	(131)	—	(554)	(168)	—	(853)
Depreciation provided during the year.	(10,856)	(27,007)	(438)	(14,213)	(4,203)	—	(56,717)
At 31 December 2025, net of accumulated depreciation	<u>72,860</u>	<u>210,345</u>	<u>158</u>	<u>58,331</u>	<u>8,673</u>	<u>17,167</u>	<u>367,534</u>
At 31 December 2025:							
Cost.	121,800	286,968	2,749	99,904	19,820	17,167	548,408
Accumulated depreciation and impairment	(48,940)	(76,623)	(2,591)	(41,573)	(11,147)	—	(180,874)
Net carrying amount	<u>72,860</u>	<u>210,345</u>	<u>158</u>	<u>58,331</u>	<u>8,673</u>	<u>17,167</u>	<u>367,534</u>

As of 31 December 2023, 2024 and 2025, no property, plant, and equipment were pledged.

(2) Property, plant and equipment leased out through operating leases

The Group and the Company

31 December 2024

	Cost	Accumulated depreciation	Net carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings	1,938	(38)	1,900
Machinery	19,770	(2,857)	16,913
Office equipment and tools	1,827	(480)	1,347
Electronic devices.	4,580	(251)	4,329
Total	<u>28,115</u>	<u>(3,626)</u>	<u>24,489</u>

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31 December 2025

	Cost	Accumulated depreciation	Net carrying amount
	RMB'000	RMB'000	RMB'000
Buildings	1,938	(603)	1,335
Machinery	19,849	(4,834)	15,015
Office equipment and tools	4,230	(1,320)	2,910
Electronic devices.	2,746	(981)	1,765
Total	<u>28,763</u>	<u>(7,738)</u>	<u>21,025</u>

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, machinery equipment, plant and properties used in its operations. Leases of leasehold land generally have lease terms of 50 years, while machinery equipment, plant and properties generally have lease terms between 2 and 3 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Machinery equipment	Plant and properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	15,703	—	1,193	16,896
Additions	6,106	—	5,651	11,757
Depreciation charge	(402)	—	(1,192)	(1,594)
Exchange realignment.	—	—	(49)	(49)
As at 31 December 2023 and 1 January 2024	21,407	—	5,603	27,010
Additions	—	1,841	1,457	3,298
Depreciation charge	(575)	(289)	(2,638)	(3,502)
Exchange realignment.	—	—	(21)	(21)
As at 31 December 2024 and 1 January 2025	20,832	1,552	4,401	26,785
Additions	—	—	265	265
Depreciation charge	(575)	(920)	(2,631)	(4,126)
Exchange realignment.	—	—	(40)	(40)
As at 31 December 2025.	<u>20,257</u>	<u>632</u>	<u>1,995</u>	<u>22,884</u>

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The Company

	Leasehold land	Equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	15,703	—	15,703
Additions	6,106	—	6,106
Depreciation charge	(402)	—	(402)
As at 31 December 2023 and 1 January 2024	21,407	—	21,407
Additions	—	1,841	1,841
Depreciation charge	(575)	(289)	(864)
As at 31 December 2024 and 1 January 2025	20,832	1,552	22,384
Depreciation charge	(575)	(920)	(1,495)
As at 31 December 2025	20,257	632	20,889

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year.	1,143	5,910	6,007
New leases	5,651	3,298	265
Accretion of interest recognised during the year	88	183	187
Payments	(951)	(3,313)	(3,820)
Exchange realignment	(21)	(71)	(40)
Carrying amount at the end of the year	5,910	6,007	2,599
Analysed into:			
Current portion	2,341	3,590	2,537
Non-current portion	3,569	2,417	62

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The Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Carrying amount at the beginning of the year	—	1,333
New leases	1,841	—
Accretion of interest recognised during the year	15	59
Payments	(523)	(944)
Carrying amount at the end of the year	1,333	448
Analysed into:		
Current portion	885	448
Non-current portion	448	—

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets . . .	1,594	3,502	4,126
Interest on lease liabilities	88	183	187
Compensation for early termination of the lease	—	(2,932)	—
Expenses relating to short-term leases and leases of low-value assets	666	891	3,023
Total amount recognised in profit or loss . . .	2,348	1,644	7,336

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets . . .	402	864	1,495
Interest on lease liabilities	—	15	59
Expenses relating to short-term leases and leases of low-value assets	323	574	2,525
Total amount recognised in profit or loss . . .	725	1,453	4,080

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(d) The total cash outflows for leases are disclosed in note 34 to the Historical Financial Information.

The Group and the Company as a lessor

The Group and the Company leases its property, plant and equipment under operating lease arrangements since 2024. Rental income recognised by the Group and the Company during the years ended 31 December 2023, 2024 and 2025 was nil, RMB2,183,000 and RMB7,215,000, respectively, details of which are included in note 5 to the Historical Financial Information.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group and the Company in future periods under operating leases with its tenants are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	—	6,510	3,797
After one year but within two years.	—	3,797	—
Total	—	10,307	3,797

15. OTHER INTANGIBLE ASSETS

The Group

	Construction in progress	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation and impairment	—	3,620	3,620
Additions	283	4,886	5,169
Amortisation provided during the year	—	(621)	(621)
At 31 December 2023	283	7,885	8,168
At 31 December 2023 and at 1 January 2024:			
Cost	283	9,467	9,750
Accumulated amortisation and impairment	—	(1,582)	(1,582)
Net carrying amount	283	7,885	8,168

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	Construction in progress	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation and impairment	283	7,885	8,168
Additions	—	2,366	2,366
Transfer	(283)	283	—
Amortisation provided during the year	—	(1,151)	(1,151)
At 31 December 2024	—	9,383	9,383
At 31 December 2024 and at 1 January 2025:			
Cost	—	12,116	12,116
Accumulated amortisation and impairment	—	(2,733)	(2,733)
Net carrying amount	—	9,383	9,383
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation and impairment	—	9,383	9,383
Additions	—	5,674	5,674
Amortisation provided during the year	—	(1,422)	(1,422)
At 31 December 2025	—	13,635	13,635
At 31 December 2025:			
Cost	—	17,790	17,790
Accumulated amortisation and impairment	—	(4,155)	(4,155)
Net carrying amount	—	13,635	13,635

The Company

	Construction in progress	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	—	3,620	3,620
Additions	283	3,000	3,283
Amortisation provided during the year	—	(594)	(594)
At 31 December 2023	283	6,026	6,309
At 31 December 2023 and at 1 January 2024:			
Cost	283	7,582	7,865
Accumulated amortisation	—	(1,556)	(1,556)
Net carrying amount	283	6,026	6,309

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	Construction in progress	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	283	6,026	6,309
Additions	—	2,497	2,497
Transfer	(283)	283	—
Amortisation provided during the year	—	(972)	(972)
At 31 December 2024	—	7,834	7,834
At 31 December 2024 and at 1 January 2025:			
Cost	—	10,362	10,362
Accumulated amortisation	—	(2,528)	(2,528)
Net carrying amount	—	7,834	7,834
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	—	7,834	7,834
Additions	—	3,955	3,955
At 31 December 2025	—	(1,161)	(1,161)
Amortisation provided during the year	—	10,628	10,628
At 31 December 2025:			
Cost	—	14,317	14,317
Accumulated amortisation and impairment	—	(3,689)	(3,689)
Net carrying amount	—	10,628	10,628

16. INVESTMENTS IN SUBSIDIARIES, AMOUNTS DUE FROM RELATED PARTIES AND AMOUNTS DUE TO RELATED PARTIES

The Company

Investments in subsidiaries

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries	25,100	29,560	41,680

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Amounts due from/to subsidiaries and a related company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due from subsidiaries			
Trade related:			
Yoke Microtronics (Suzhou) Co., Ltd.	—	15	44
UIGreen Co., Ltd	19,482	14,384	12,349
Suzhou Helin Micro Nano Technology			
Trading Co., Ltd.	—	—	1,011
UIGreen Switzerland AG.	—	36	—
Non-Trade related:			
Yoke Microtronics (Suzhou) Co., Ltd. (a). . . .	—	3,063	3,154
Total	19,482	17,498	16,558
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to subsidiaries			
Trade related:			
Yoke Microtronics (Suzhou) Co., Ltd.	185	145	663
Due to a related company			
Trade related:			
Jiangsu Provision Electronics Co., Ltd.*	—	817	2,231
Total	185	962	2,894

* A director of the Company is the director and equity holder of Jiangsu Provision Electronics Co., Ltd.

- (a) The Company granted unsecured loans to Yoke Microtronics (Suzhou) Co., Ltd. from April 2024 to April 2026, with an annual interest rate at 3.0%.
- (b) All other balances with subsidiaries were trade related, non-interest-bearing, unsecured and normally settled on terms of 60 to 90 days.

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17. INVESTMENTS IN ASSOCIATES

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	6,303	10,122	9,804

The following table illustrates the financial information of the Group’s associates that is not individually material:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of profits and losses of associates	(432)	(1,187)	(191)
Aggregate carrying amount of the Group’s investments in associates	6,303	10,122	9,804

18. GOODWILL

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net carrying amount as at the beginning of the year	—	6,328	726
Acquisition of a subsidiary (<i>note 33</i>)	6,328	—	—
Impairment during the year	—	(5,602)	—
Net carrying amount as at the end of the year	6,328	726	726

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to Yoke Microtronic (Suzhou) Co., Ltd. (“Yoke”) cash-generating unit.

The recoverable amount of the 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 at 31 December 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.

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The carrying amount of the Yoke’s cash-generating unit was impaired by RMB5,602,000 during the year ended 31 December 2024. Consequently, the carrying amount of goodwill was written down by RMB5,602,000. The impairment loss recognised was included in “Other expenses” in the consolidated statement of profit or loss. The recoverable amount of the cash-generating unit was RMB726,000 as at 31 December 2024. The impairment was attributable to the decrease in customers’ demands and selling prices of the technological iteration of precision instrument equipment of Yoke.

Assumptions were used in the value in use calculation of Yoke’s cash-generating units as at 31 December 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.

Sensitivity analysis

For the Yoke’s cash-generating, the estimated recoverable amounts exceeded its carrying values by RMB1,489,000 and RMB2,242,000 as at 31 December 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 Yoke’s cash-generating’s recoverable amount would be equal to its carrying value as at 31 December 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 Yoke’s cash-generating’s recoverable amount would be equal to its carrying value as at 31 December 2025.

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19. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of financial assets and contract assets	Impairment of inventories	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred income	Accrued expenses	Share -based payments	Intra group unrealised profit	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023.	449	484	171	13,539	1,887	—	—	68	7	16,605
Acquisition of a subsidiary (note 33)	8	—	—	—	—	—	—	—	—	8
Deferred tax credited to profit or loss during the year . . .	455	1,624	168	16,452	113	—	173	4	5	18,994
Exchange realignment	4	—	22	—	—	—	—	—	—	26
Gross deferred tax assets at 31 December 2023.	916	2,108	361	29,991	2,000	—	173	72	12	35,633
Deferred tax credited/(charged) to profit or loss during the year	676	412	141	3,947	(229)	—	12	(25)	6	4,940
Exchange realignment	(33)	(14)	51	—	—	—	—	(16)	3	(9)
Gross deferred tax assets at 31 December 2024.	1,559	2,506	553	33,938	1,771	—	185	31	21	40,564
Deferred tax credited/(charged) to profit or loss during the year	161	639	(367)	(2,486)	236	134	(185)	1,433	(17)	(452)
Exchange realignment	13	39	96	(127)	—	—	—	—	2	23
Gross deferred tax assets at 31 December 2025.	1,733	3,184	282	31,325	2,007	134	—	1,464	6	40,135

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Deferred tax liabilities

	Financial assets at fair value through profit or loss	Right-of-use assets	Accelerated tax depreciation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	257	179	20,657	—	21,093
Deferred tax (credited)/charged to profit or loss during the year	(257)	144	5,608	5	5,500
Exchange realignment	—	28	—	—	28
Gross deferred tax liabilities at 31 December 2023	—	351	26,265	5	26,621
Deferred tax charged/(credited) to profit or loss during the year	143	148	(3,988)	1	(3,696)
Exchange realignment	—	56	—	—	56
Gross deferred tax liabilities at 31 December 2024	143	555	22,277	6	22,981
Deferred tax credited to profit or loss during the year	(89)	(385)	(3,895)	(4)	(4,373)
Exchange realignment	—	102	—	—	102
Gross deferred tax liabilities at 31 December 2025	54	272	18,382	2	18,710

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	9,012	17,583	21,425
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

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Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	—	397	1,105
Deductible temporary differences.	—	1	7
Total	—	398	1,112

The Group had accumulated tax losses of nil, RMB397,000 and RMB1,105,000 as at 31 December 2023, 2024 and 2025 that would expire in two to seven years for offsetting against future taxable profits, respectively. Deferred tax assets have not been recognised with respect to tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of financial assets and contract assets	Impairment of inventories	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred income	Accrued expenses	Share-based payments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	444	484	—	13,352	1,887	—	—	—	16,167
Deferred tax credited to profit or loss during the year . . .	441	1,624	—	15,686	113	—	173	9	18,046
Gross deferred tax assets at 31 December 2023	885	2,108	—	29,038	2,000	—	173	9	34,213
Deferred tax credited/(charged) to profit or loss during the year . . .	626	347	200	3,811	(229)	—	12	8	4,775
Gross deferred tax assets at 31 December 2024	1,511	2,455	200	32,849	1,771	—	185	17	38,988
Deferred tax credited/(charged) to profit or loss during the year . . .	121	661	(133)	(1,881)	236	134	(185)	(14)	(1,061)
Gross deferred tax assets at 31 December 2025	1,632	3,116	67	30,968	2,007	134	—	3	37,927

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Deferred tax liabilities

	Financial assets at fair value through profit or loss	Right-of-use assets	Accelerated tax depreciation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	257	—	20,657	—	20,914
Deferred tax (credited)/charged to profit or loss during the year	(257)	—	5,608	—	5,351
Gross deferred tax liabilities at 31 December 2023	—	—	26,265	—	26,265
Deferred tax charged/(credited) to profit or loss during the year	143	207	(3,988)	2	(3,636)
Gross deferred tax liabilities at 31 December 2024	143	207	22,277	2	22,629
Deferred tax credited to profit or loss during the year.	(89)	(139)	(3,895)	(2)	(4,125)
Gross deferred tax liabilities at 31 December 2025	54	68	18,382	—	18,504

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	7,948	16,359	19,423
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

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20. INVENTORIES

The Group

	As at 31 December		
	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
Provision for inventories	(14,055)	(16,841)	(21,124)
Total	70,228	98,820	104,921

The movements in provision

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	3,226	14,055	16,841
Impairment losses recognised, net (note 6)	11,656	13,214	15,393
Amounts written off	(827)	(10,408)	(11,102)
Exchange realignment	—	(20)	(8)
Carrying amount at the end of the year	14,055	16,841	21,124

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	21,315	37,865	34,142
Work in progress	20,567	32,646	35,992
Finished goods	40,315	42,326	54,194
Contract costs	—	1,021	92
	82,197	113,858	124,420
Provision for inventories	(14,054)	(16,364)	(20,771)
Total	68,143	97,494	103,649

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The movements in provision

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year.	3,226	14,054	16,364
Impairment losses recognised, net	11,655	12,718	15,509
Amounts written off	(827)	(10,408)	(11,102)
Carrying amount at the end of the year	14,054	16,364	20,771

21. TRADE AND BILLS RECEIVABLES AT AMORTISED COST

The Group

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

The Group’s trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The credit period is generally 30 to 120 days. Overdue balances are reviewed regularly by senior management.

An ageing analysis of the Group’s trade and bills receivables at amortised cost, based on trade date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	115,291	187,823	206,999
1 to 2 years	1,073	2,398	891
2 to 3 years	160	122	89
3 to 4 years	—	114	11
4 to 5 years	—	—	46
Total	116,524	190,457	208,036

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The movements in the impairment losses on trade receivables at amortised cost are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	2,932	5,946	10,009
Impairment losses, net	3,014	4,086	907
Amounts written off	—	(21)	—
Exchange realignment	—	(2)	—
At end of year	5,946	10,009	10,916

The bills receivables were issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was not significant as at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
As at 31 December 2023						
On a collective basis:						
Expected credit loss rate	4.76%	9.98%	30.13%	—	—	4.86%
Gross carrying amount (RMB'000).	121,049	1,192	229	—	—	122,470
Expected credit losses (RMB'000).	5,758	119	69	—	—	5,946
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
As at 31 December 2024						
On a collective basis:						
Expected credit loss rate	4.87%	9.98%	29.48%	50.22%	—	5.02%
Gross carrying amount (RMB'000).	196,510	2,664	173	229	—	199,576
Expected credit losses (RMB'000).	9,577	266	51	115	—	10,009

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	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
As at 31 December 2025						
On a collective basis:						
Expected credit loss rate	4.90%	12.33%	29.92%	47.62%	79.91%	5.02%
Gross carrying amount						
(RMB’000).	216,226	803	127	21	229	217,406
Expected credit losses						
(RMB’000).	10,586	99	38	10	183	10,916

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables	115,023	193,439	208,058
Bank bills receivable	—	890	1,546
Total	115,023	194,329	209,604
Impairment losses.	(5,868)	(9,991)	(10,725)
Net carrying amount.	109,155	184,338	198,879

An ageing analysis of the Company’s trade and bills receivables at amortised cost, based on recognition date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	107,922	181,800	197,891
1 to 2 years	1,073	2,302	891
2 to 3 years	160	122	40
3 to 4 years	—	114	11
4 to 5 years	—	—	46
Total	109,155	184,338	198,879

The movements in the loss allowance for impairment of trade and bills receivables at amortised cost are as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year.	2,930	5,868	9,991
Impairment losses, net	2,938	4,144	734
Amounts written off as uncollectible	—	(21)	—
At end of year	5,868	9,991	10,725

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Set out below is the information about the credit risk exposure on the Company’s trade and bills receivables using a provision matrix:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
As at 31 December 2023						
On a collective basis:						
Expected credit loss rate	5.00%	9.98%	30.13%	—	—	5.10%
Gross carrying amount						
(RMB’000).	113,602	1,192	229	—	—	115,023
Expected credit losses						
(RMB’000).	5,680	119	69	—	—	5,868
As at 31 December 2024						
On a collective basis:						
Expected credit loss rate	5.02%	10.04%	29.48%	50.22%	—	5.16%
Gross carrying amount						
(RMB’000).	190,478	2,559	173	229	—	193,439
Expected credit losses						
(RMB’000).	9,568	257	51	115	—	9,991
As at 31 December 2025						
On a collective basis:						
Expected credit loss rate	5.03%	12.33%	29.82%	47.62%	79.91%	5.15%
Gross carrying amount						
(RMB’000).	206,948	803	57	21	229	208,058
Expected credit losses						
(RMB’000).	10,416	99	17	10	183	10,725

22. BILLS RECEIVABLE AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Bills receivable at fair value through other comprehensive income.	5,242	8,036	22,840

The Group and the Company have classified bills receivable that are held both to collect cash flows and to sell as financial assets at fair value through other comprehensive income under IFRS 9. Bills receivable at fair value through other comprehensive income were mainly bank acceptance bills held to be discounted or endorsed for the purpose of daily treasury management and were qualified for derecognition when discounted or endorsed.

All these bills receivable at fair value through other comprehensive income are aged within six months. The identified impairment loss was assessed to be minimal as at the end of each of the Relevant Periods.

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23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Prepayments to suppliers	7,566	4,836	2,475
Value-added tax recoverable	935	387	121
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Financial instruments at amortised cost (i) . . .	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)
Subtotal	99,858	70,962	23,381
Non-current portion:			
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)
Subtotal	12,961	5,431	43,255
Total	112,819	76,393	66,636

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Prepayments to suppliers	7,561	4,784	2,405
Value-added tax recoverable	741	—	—
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Financial instruments at amortised cost (i) . .	90,001	62,801	—
Deposits	33	753	1,208
Prepaid expenses	625	867	2,289
Other receivables	—	2	—
	98,961	69,207	22,410
Impairment allowance	(30)	(38)	(62)
Subtotal	98,931	69,169	22,348
Non-current portion:			
Rental deposits	—	899	929
Acquisition of property, plant and equipment .	12,416	4,208	42,154
	12,416	5,107	43,083
Impairment allowance	—	(48)	(95)
Subtotal	12,416	5,059	42,988
Total	111,347	74,228	65,336

- (i) Financial instruments at amortised cost represent reserve repurchase of treasury bonds, which were acquired from certain financial institutions, pledged by national treasury bonds for the purpose to earn interest income. Financial instruments at amortised cost matured within 1 year and bore fixed interest rate. The identified impairment loss was assessed to be minimal as at the end of each of the Relevant Periods. Further details on credit risk are disclosed in note 40 to the Historical Financial Information.

At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

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24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current			
Unlisted equity investments	10,000	16,000	10,358
Current			
Structured deposits, at fair value	—	518,952	—
Total	10,000	534,952	10,358

The structured deposits were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

25. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	706,998	90,808	614,970
Restricted cash	5,374	788	—
Total	712,372	91,596	614,970

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	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash and cash equivalents			
Denominated in RMB	651,340	54,807	568,887
Denominated in United States dollar (“USD”)	44,891	25,245	42,771
Denominated in Japanese Yen (“JPY”)	10,743	8,169	1,786
Denominated in Swiss Franc (“CHF”)	—	2,587	1,526
Denominated in Singapore Dollar (“SGD”)	24	—	—
Total	<u>706,998</u>	<u>90,808</u>	<u>614,970</u>
Restricted bank balances denominated in RMB	1,165	—	—
Restricted bank balances denominated in CHF	4,209	—	—
Restricted bank balances denominated in USD	—	788	—
Total	<u>5,374</u>	<u>788</u>	<u>—</u>

The RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 December 2024, restricted cash of RMB788,000 represented funds for payment in transit between overseas subsidiaries.

As at 31 December 2023, restricted cash of RMB1,165,000 mainly represented funds frozen by court order pursuant to civil rulings.

As at 31 December 2023, restricted cash of RMB4,209,000 consisted of deposits placed in registered capital account of an overseas subsidiary.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash and cash equivalents	685,168	72,763	593,709
Restricted cash	1,091	—	—
Total	<u>686,259</u>	<u>72,763</u>	<u>593,709</u>

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	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents			
Denominated in RMB	642,486	49,408	555,735
Denominated in USD	42,640	23,312	37,898
Denominated in Japanese Yen (“JPY”)	18	43	76
Denominated in Singapore Dollar (“SGD”)	24	—	—
Total	<u>685,168</u>	<u>72,763</u>	<u>593,709</u>
Restricted bank balances denominated in			
RMB	1,091	—	—
Total	<u>1,091</u>	<u>—</u>	<u>—</u>

26. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>104,579</u>	<u>167,900</u>	<u>198,944</u>

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the recognition date, is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	62,030	130,263	140,578
1 to 2 years	489	74	27
2 to 3 years	—	69	51
Over 3 years	5	5	74
Total	<u>62,524</u>	<u>130,411</u>	<u>140,730</u>

The trade payables are non-interest-bearing and are normally settled in 30 to 120 days upon receipt of the VAT invoice.

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	58,191	126,560	135,313
Payables for purchase of property, plant and equipment	17,276	8,773	20,009
Payroll and welfare payable	14,420	19,215	28,991
Accrued expenses	1,988	3,097	4,303
Other tax payables	748	2,699	2,716
Payable for equity acquisition	1,000	—	—
Others	74	15	2
Total	<u>93,697</u>	<u>160,359</u>	<u>191,334</u>

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the recognition date, is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	57,813	126,416	135,161
1 to 2 years	373	70	27
2 to 3 years	—	69	51
Over 3 years	5	5	74
Total	<u>58,191</u>	<u>126,560</u>	<u>135,313</u>

27. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u>152</u>	<u>459</u>	<u>705</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u>152</u>	<u>314</u>	<u>669</u>

Contract liabilities represented advances received from customers on sales of products.

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28. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

As at 31 December 2023			
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — unsecured.	2.60%	2024	29,784
As at 31 December 2024			
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — unsecured.	2.60%	2025	12,010
As at 31 December 2025			
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — unsecured.	2.11%	2026	30,019

All interest-bearing bank borrowings are repayable within one year as at 31 December 2023, 2024 and 2025.

29. DEFERRED INCOME

The Group and the Company

As at 31 December			
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Government grants	13,333	11,805	13,378

The movements in deferred income during the Relevant Periods are as follows:

As at 31 December			
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year.	12,580	13,333	11,805
Grants received during the year.	3,525	674	4,120
Amounts released to profit or loss during the year	(2,772)	(2,202)	(2,547)
At end of year	13,333	11,805	13,378

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Government grants received related to acquisition of property, plant and equipment were recognised as deferred income and amortised as other income over the expected useful lives of the relevant assets.

30. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share capital	89,874	116,836	151,888

A summary of movements in the Company’s share capital is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	89,874	89,874	116,836
Capitalisation issue of shares (a)	—	26,962	35,052
At the end of the year	89,874	116,836	151,888

(a) On 17 May 2024, a resolution was passed by the Company’s shareholders during the annual general meeting that the Company issued three ordinary shares for every existing ten ordinary shares by way of capitalisation of capital reserve. Accordingly, 26,962,000 ordinary shares were issued at par and an amount of RMB26,962,000 was debited to the capital reserve account.

On 20 May 2025, a resolution was passed by the Company’s shareholders during the annual general meeting that the Company issued three ordinary shares for every existing ten ordinary shares by way of capitalisation of capital reserve. Accordingly, 35,052,000 ordinary shares were issued at par and an amount of RMB35,052,000 was debited to the capital reserve account.

31. SHARE-BASED PAYMENTS

The Company operates a restricted share incentive scheme (“**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, senior management and backbone employees. The scheme became effective on 4 January 2023 and, unless otherwise cancelled or amended, will remain in force for 51 months from that date.

A total of 450,000 restricted shares units (“**RSUs**”) were granted, of which 400,000 RSUs were granted on 4 January 2023, and 50,000 RSUs were reserved for future grants. Pursuant to the Scheme, based on the Company’s financial performance and individual performance, eligible participants of the Group have the right to acquire shares in the Company with a vesting period of 15 to 39 months and the proportion of the Company’s shares to be granted attributable each year from the start date of the vesting period is 30%, 30% and 40%. During the Relevant Periods, 158,000, 106,000 and 136,000 RSUs were forfeited since the Company’s performance conditions were not met. Pursuant to the board resolution dated 30 March 2026, the Scheme had expired and was no longer in effect.

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There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these shares. The Group accounts for the Scheme as an equity-settled plan.

The foregoing RSUs granted do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

Expenses arising from equity-settled share-based payment transactions were as follows:

		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Share-based payment expenses		2,550	(64)	(2,486)
		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of sales	282	62	(344)	
Selling and marketing expenses	642	(4)	(638)	
Administrative expenses	377	(3)	(374)	
Research and development expenses	1,249	(119)	(1,130)	
Total	2,550	(64)	(2,486)	

The fair values of equity-settled share-based payment were estimated as at the dates of grant using a Black-Scholes model. The difference between the fair value of the Company’s shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

Without considering the impacts of the profit distribution and capitalisation of capital reserve, movements in the number of shares granted and their exercise prices were as follows:

		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
	<i>exercise price</i>			
At the beginning of the year	—	—	242	136
Granted	34.07	400	—	—
Forfeited	34.07	(158)	(106)	(136)
At the end of the year	34.07	242	136	—

32. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

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(i) Capital reserve

The capital reserve account represent the consideration received for capital injection in excess of the par value of shares issued; and the increased share of net assets of an associate of the Company, due to capital injection from other investors, and the impact of the capitalisation issue of shares.

(ii) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 31 to the Historical Financial Information.

(iii) Reserve fund

In accordance with the Company Law of Chinese mainland and the articles of association of the subsidiaries established in the Chinese mainland, the Group is required to allocate 10% of its net profit after tax, as determined under the Chinese mainland accounting standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of these subsidiaries, the statutory surplus funds may be used either to offset losses, or to be converted to increase the capital of the subsidiaries provided that the balance after such conversion is not less than 25% of the registered capital of them. The reserve cannot be used for purposes and is not distributable as cash dividends.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from presentation currency.

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The Company

	Capital reserve	Share-based payment reserve	Reserve Fund	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	999,482	39,952	17,735	112,414	1,169,583
Loss for the year and total comprehensive loss	—	—	—	(16,162)	(16,162)
Share-based payments	—	2,550	—	—	2,550
Dividends paid	—	—	—	(14,380)	(14,380)
As at 31 December 2023 and 1 January 2024.	999,482	42,502	17,735	81,872	1,141,591
Loss for the year and total comprehensive loss	—	—	—	(590)	(590)
Share-based payments	—	(64)	—	—	(64)
Capitalisation issue of shares	(26,962)	—	—	—	(26,962)
Dividends paid	—	—	—	(7,190)	(7,190)
Others	6	—	—	—	6
As at 31 December 2024 and 1 January 2025.	972,526	42,438	17,735	74,092	1,106,791
Profit for the year and total comprehensive income	—	—	—	35,177	35,177
Share-based payments	—	(2,486)	—	—	(2,486)
Capitalisation issue of shares	(35,052)	—	—	—	(35,052)
Dividends paid	—	—	—	(9,347)	(9,347)
Transfer from retained profits	—	—	1,842	(1,842)	—
Others	231	—	—	—	231
As at 31 December 2025	<u>937,705</u>	<u>39,952</u>	<u>19,577</u>	<u>98,080</u>	<u>1,095,314</u>

33. BUSINESS COMBINATION

Acquisition of Yoke

In September 2023, the Group acquired of the entire equity interests in Yoke of which businesses were the manufacture of semiconductor equipment and precision mechanical products at a cash consideration of RMB10,000,000.

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The fair values of the identifiable assets and liabilities of Yoke as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		<i>RMB’000</i>
Property, plant and equipment	<i>13</i>	1,153
Deferred tax assets	<i>19</i>	8
Cash and cash equivalents		4,142
Trade and bills receivables at amortised cost		6,314
Prepayments, other receivables and other assets		456
Tax recoverable		29
Inventories		1,490
Trade and other payables		(9,478)
Contract liabilities		(442)
Total identifiable net assets at fair value		3,672
Goodwill arising on acquisition		6,328
Satisfied by cash		10,000

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>RMB’000</i>
Cash consideration paid during the year ended 31 December 2023	(9,000)
Payable for acquisition of a subsidiary (<i>note 26</i>)	1,000
Cash and cash equivalents acquired	4,142
Net outflow of cash and cash equivalents during the year ended	
31 December 2023	(4,858)

From the date of acquisition, Yoke contributed RMB8,174,000 of revenue and RMB839,000 of loss before tax to the Group for the year ended 31 December 2023. If the acquisition had been taken place at the beginning of 2023, revenue would have been RMB301,973,000 and loss before tax for the Group would have been RMB40,733,000.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,651,000, RMB3,298,000 and RMB265,000, respectively, in respect of lease arrangements for plant and equipment.

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(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023	—	1,143	1,143
Changes from financing cash flows	29,694	(951)	28,743
New leases	—	5,651	5,651
Interest expense	90	88	178
Exchange realignment	—	(21)	(21)
At 31 December 2023 and 1 January 2024	29,784	5,910	35,694
Changes from financing cash flows	(18,838)	(3,313)	(22,151)
New leases	—	3,298	3,298
Interest expense	1,064	183	1,247
Exchange realignment	—	(71)	(71)
At 31 December 2024 and 1 January 2025	12,010	6,007	18,017
Changes from financing cash flows	17,839	(3,820)	14,019
New leases	—	265	265
Interest expense	170	187	357
Exchange realignment	—	(40)	(40)
At 31 December 2025	30,019	2,599	32,618

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within operating activities	666	891	3,023
Within financing activities	951	3,313	3,820
Total	1,617	4,204	6,822

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35. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December		
	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

36. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchase of goods			
Jiangsu Provision Electronics Co., Ltd.*	—	787	4,119
Sale of goods			
Jiangsu Provision Electronics Co., Ltd.*	—	—	80

* A director of the Company is the director and equity holder of Jiangsu Provision Electronics Co., Ltd.

These transactions were carried out in accordance with the terms and conditions mutually agreed between the parties involved.

(b) Outstanding balances with related parties:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to a related company			
Trade related:			
Jiangsu Provision Electronics Co., Ltd.	—	817	2,231

Amounts due to the related company were unsecured, interest-free and normally settled on terms of 90 days.

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(c) Compensation of key management personnel of the Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	4,925	5,302	6,221
Pension scheme contributions and social welfare	626	616	592
Share-based payment expenses	284	(2)	(282)
Total compensation paid to key management personnel	<u>5,835</u>	<u>5,916</u>	<u>6,531</u>

Further details of directors’ and chief executive’s emoluments are included in note 8 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	10,000	—	10,000
Trade and bills receivables at amortised cost	—	—	116,524	116,524
Financial assets included in prepayments, other receivables and other assets	—	—	91,901	91,901
Bills receivable at fair value through other comprehensive income	5,242	—	—	5,242
Restricted cash	—	—	5,374	5,374
Cash and cash equivalents	—	—	706,998	706,998
Total	<u>5,242</u>	<u>10,000</u>	<u>920,797</u>	<u>936,039</u>

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Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	62,524
Financial liabilities included in other payables and accruals	20,468
Interest-bearing bank borrowings	29,784
Total	112,776

As at 31 December 2024

Financial assets

	Financial assets at fair value through comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	—	534,952	—	534,952
Trade and bills receivables at amortised cost	—	—	190,457	190,457
Financial assets included in prepayments, other receivables and other assets	—	—	66,962	66,962
Bills receivable at fair value through other comprehensive income	8,036	—	—	8,036
Restricted cash	—	—	788	788
Cash and cash equivalents	—	—	90,808	90,808
Total	8,036	534,952	349,015	892,003

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	130,411
Amounts due to a related company	817
Financial liabilities included in other payables and accruals	12,428
Interest-bearing bank borrowings	12,010
Total	155,666

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As at 31 December 2025

Financial assets

	Financial assets at fair value through comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	10,358	—	10,358
Trade and bills receivables at amortised cost	—	—	208,036	208,036
Financial assets included in prepayments, other receivables and other assets	—	—	2,844	2,844
Bills receivables at fair value through other comprehensive income	22,840	—	—	22,840
Cash and cash equivalents	—	—	614,970	614,970
Total	<u>22,840</u>	<u>10,358</u>	<u>825,850</u>	<u>859,048</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	140,730
Amounts due to a related company	2,231
Financial liabilities included in other payables and accruals	24,668
Interest-bearing bank borrowings	30,019
Total	<u>197,648</u>

38. TRANSFERS OF FINANCIAL ASSETS

During the years ended 31 December 2023, 2024 and 2025, the amounts of bank bills derecognised by the Group were RMB24,229,000, RMB171,410,000 and RMB220,918,000. As at 31 December 2023, 2024 and 2025, the Group discounted certain bank acceptance bills in Chinese mainland with carrying amounts of RMB11,425,000, RMB11,314,000, nil and endorsed certain bank acceptance bills in Chinese mainland with carrying amounts of RMB8,912,000, RMB44,116,000 and RMB67,451,000, respectively, to certain banks in order to obtain cash from such banks or certain of its suppliers in order to settle the trade payables due to such suppliers. These bills receivable being endorsed and transferred are collectively referred to derecognised bills (the “**Derecognised Bills**”). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the Company’s directors, the risk of the Group being

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claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group had derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills were not significant. During the years ended 31 December 2023, 2024 and 2025, the Group had recognised losses of RMB41,000, RMB46,000 and nil, respectively, on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and transfer have been made evenly throughout the years.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables at amortised cost, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The difference between carrying value and fair value as a result of the Group’s own non-performance risk for financial assets included in non-current prepayments, other receivables and other assets were assessed to be insignificant.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent structured deposits issued by banks in Chinese mainland and unlisted equity investments. The Group has estimated the fair values of these structured deposits based on the net values announced by the banks at the end of each of the Relevant Periods.

The fair values of the unlisted equity investments included in financial assets at fair value through profit or loss have been estimated based on recent market transaction price of the unlisted equity investments or using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

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The fair values of bills receivable at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The changes in fair values as a result of the Group for bills receivable at fair value through other comprehensive income during the years ended 31 December 2023, 2024 and 2025 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB’000	RMB’000	RMB’000
Financial assets at fair value through other comprehensive income.	—	5,242	—
Financial assets at fair value through profit or loss	—	10,000	—
Total	—	15,242	—

As at 31 December 2024

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB’000	RMB’000	RMB’000
Financial assets at fair value through other comprehensive income.	—	8,036	—
Financial assets at fair value through profit or loss	—	534,952	—
Total	—	542,988	—

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As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB’000	RMB’000	RMB’000
Financial assets at fair value through other comprehensive income.	—	22,840	—
Financial assets at fair value through profit or loss	—	—	10,358
Total	—	22,840	10,358

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025:

As at 31 December 2025

Financial assets at fair value through profit or loss	Valuation technique	Significant unobservable inputs	Inputs	Sensitivity of fair value to the input
Investment in an unlisted entity .	Valuation multiples	Price to book multiple (“P/B”)	2.2	10% increase/ decrease would result in increase/decrease in fair value by 10%
		Discounts for lack of marketability (“DLOM”)	25%	10% increase/ decrease would result in decrease/increase in fair value by 3.3%

Reconciliation of movements in Level 3 financial instruments measured at fair value

	Financial assets at fair value through profit or loss
	RMB’000
As at 31 December 2024 and 1 January 2025.	—
Transfers into Level 3.	10,000
Fair value gains on financial assets at fair value through profit or loss	358
As at 31 December 2025.	10,358

During the year ended 31 December 2025, a certain investment in an unlisted entity was transferred from Level 2 into Level 3 due to the absence of recent financing activity and a lack of observable market data. Except for the aforementioned circumstance, during the Relevant Periods, there were no other transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, comprise interest-bearing bank borrowings, cash and deposits, financial assets included in prepayments, other receivables and other assets. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables at amortised cost and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 26.9%, 27.6%, 14.8% and 52.3%, 59.4%, 44.4% of the Group’s trade receivables were due from the Group’s largest debtor and five largest debtors, respectively. Except for the aforementioned concentrations of credit risk, the Group’s trade receivables relate to a large number of diversified customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

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As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables at amortised cost *	—	—	—	122,470	122,470
Bills receivable at fair value through other comprehensive income*.	—	—	—	5,242	5,242
Financial assets included in prepayments, other receivables and other assets					
— Normal**	92,036	—	—	—	92,036
Restricted cash					
— Not yet past due	5,374	—	—	—	5,374
Cash and cash equivalents					
— Not yet past due	706,998	—	—	—	706,998
Total	804,408	—	—	127,712	932,120

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables at amortised cost*	—	—	—	200,466	200,466
Bills receivable at fair value through other comprehensive income*.	—	—	—	8,036	8,036
Financial assets included in prepayments, other receivables and other assets					
— Normal**	67,319	—	—	—	67,319
Restricted cash					
— Not yet past due	788	—	—	—	788
Cash and cash equivalents					
— Not yet past due	90,808	—	—	—	90,808
Total	158,915	—	—	208,502	367,417

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As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables at amortised cost*	—	—	—	218,952	218,952
Bills receivable at fair value through other comprehensive income*	—	—	—	22,840	22,840
Financial assets included in prepayments, other receivables and other assets					
— Normal**	3,467	—	—	—	3,467
Cash and cash equivalents					
— Not yet past due	614,970	—	—	—	614,970
Total	618,437	—	—	241,792	860,229

* For trade and bills receivables at amortised cost and bills receivable at fair value through other comprehensive income to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 and 22 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand	Over 1 year	Total
	RMB’000	RMB’000	RMB’000
31 December 2023			
Lease liabilities	2,514	3,662	6,176
Trade payables	62,524	—	62,524
Interest-bearing bank borrowings	30,495	—	30,495
Financial liabilities included in other payables and accruals	20,468	—	20,468
Total	116,001	3,662	119,663

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	Within 1 year or on demand	Over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Lease liabilities	3,772	2,478	6,250
Trade payables	130,411	—	130,411
Amounts due to a related company	817	—	817
Financial liabilities included in other payables and accruals	12,428	—	12,428
Interest-bearing bank borrowings	12,031	—	12,031
Total	<u>159,459</u>	<u>2,478</u>	<u>161,937</u>

	Within 1 year or on demand	Over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
Lease liabilities	2,601	62	2,663
Trade payables	140,730	—	140,730
Amounts due to a related company	2,231	—	2,231
Financial liabilities included in other payables and accruals	24,668	—	24,668
Interest-bearing bank and other borrowings	30,504	—	30,504
Total	<u>200,734</u>	<u>62</u>	<u>200,796</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new capital.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. As at 31 December 2023, 2024 and 2025, the Group’s debt-to-asset ratios were 11%, 14% and 17%, respectively.

41. EVENTS AFTER 31 DECEMBER 2025

Pursuant to the board resolution dated 30 March 2026, the Company proposed and declared to distribute a cash dividend of RMB0.8 (including tax) for 10 shares, amounting to RMB12,151,000. Such proposed dividend distribution is subject to approval in the next annual general meeting of the Company.

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Pursuant to the board resolution dated 5 January 2026, the Company approved investments for a leasehold land and construction of plant and properties. On 16 January 2026, the Company has acquired a leasehold land No. 2025-WG-19 through public bidding, with a transaction price of RMB12,006,000.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix is primarily intended to provide [REDACTED] with an overview of the Company’s Articles of Association. As this section contains only a summary, it may not include all information that is important to potential [REDACTED].

ISSUANCE OF SHARES

The Company’s shares shall be issued based on the principles of openness, fairness and justice. Shares of the same class carry equal rights. For the same class of shares issued in the same offering, each share is issued on the same terms and at the same price. Each subscriber pays the same price per share for the shares subscribed.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Based on the needs of its operation and development, and in accordance with the provisions of laws, regulations and the securities regulatory rules of the place where the Company’s shares are listed, the Company may increase its capital by the following means upon a resolution of the Shareholders’ meeting:

- (a) offering of shares to unspecified targets;
- (b) offering of shares to specified targets;
- (c) distributing bonus shares to existing Shareholders;
- (d) conversion of provident fund into share capital;
- (e) other methods provided by laws, administrative regulations and the securities regulatory rules of the place where the Company’s shares are listed, and approved by the CSRC and other securities regulatory authorities of the place where the Company’s shares are listed.

The Company shall not acquire its own shares, except under any of the following circumstances:

- (a) to reduce the registered capital of the Company;
- (b) to merge with another company that holds shares in the Company;
- (c) to use the shares for employee shareholding schemes or share incentives;
- (d) to acquire the shares of Shareholders who request the Company to do so due to their objection to a resolution on the merger or division of the Company made by the Shareholders’ meeting;
- (e) to use the shares to satisfy the conversion of corporate bonds convertible into shares issued by the Company;
- (f) where it is necessary for the Company to safeguard its corporate value and the interests of the Shareholders.

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The Company may acquire its own shares by way of open and concentrated transactions or other methods permitted by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the securities regulatory authorities of the place where the Company's shares are listed.

Where the Company acquires its own shares under the circumstances specified in items (c), (e) and (f) of the first paragraph of Article 25 of the Articles of Association, it shall be conducted by way of open and concentrated transactions.

After acquiring its own shares, the Company shall perform its information disclosure obligations in accordance with the PRC Securities Law, the Hong Kong Listing Rules and other applicable laws and regulations, as well as the securities regulatory rules of the place where the Company's shares are listed.

Shares in the Company's share repurchase account shall not be entitled to rights including voting at the Shareholders' meeting, profit distribution, conversion of provident fund into share capital, subscription of new shares and convertible corporate bonds.

Shares of the Company shall be transferred according to the law. Transfer of any H Shares shall be executed with a written instrument of transfer with a common format or other format accepted by the Board of Directors (including the standard transfer format or transfer form specified from time to time by Hong Kong Stock Exchange), which may only be signed by hand or (if the transferor or transferee is a company) affixed with the effective corporate seal. If the transferor or transferee is a recognized clearing house or its agent thereof defined in the relevant provisions in force from time to time of the Hong Kong laws, the instrument of transfer may be signed by hand or by machine imprinted signatures. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board of Directors from time to time.

A-shares of the Company issued prior to its public offering of shares shall not be transferred within one year from the date of listing of the Company's A-shares on the Shanghai Stock Exchange.

The Directors and senior management of the Company shall report to the Company their shareholdings in the Company (including preference shares) and any changes therein. The number of shares transferred by them each year during their term of office as determined at the time of taking office shall not exceed 25% of the total number of shares of the same class they hold in the Company. The shares they hold in the Company shall not be transferred within one year from the date of listing and trading of the Company's shares. The aforementioned persons shall not transfer the Company's shares held by them within half a year after their resignation.

If the securities regulatory rules of the place where the Company's shares are listed provide otherwise provisions with respect to transfer restrictions on the Company's shares, such provisions shall prevail.

Any gains from sale of Company's shares or other securities with an equity nature by the Shareholders holding 5% or more of the Company's shares, Directors and senior management within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after their sale of the same, shall belong to the Company, and the Board of Directors shall recover such gains from the abovementioned parties. However, the circumstance where a securities company holds 5% or more of

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the Company's shares as a result of purchasing the remaining shares after the underwriting, as well as other circumstances as prescribed by the CSRC or securities regulatory authorities of the place where the Company's shares are listed are exempted.

Shares or other securities with an equity nature held by Directors, Supervisors, senior management and individual Shareholders as mentioned in the preceding paragraph include shares or other securities with an equity nature held by their spouses, parents or children, or held by other people's accounts.

If the Board of Directors fails to comply with the first paragraph of this Article, the Shareholders are entitled to request the Board of Directors to comply with such within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the Shareholders are entitled to initiate legal proceedings directly in the people's court in their personal capacity for the interest of the Company.

If the Board of Directors fails to comply with the provisions set forth in the first paragraph of this Article, the responsible Directors shall bear joint liabilities in accordance with the law.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

General Provisions for Shareholders

The Company shall establish a Register of Shareholders based on the vouchers provided by the securities registration and clearing authorities of the place where the Company's shares are listed. The Register of Shareholders shall be sufficient evidence for the Shareholders' shareholding in the Company. The original Register of H Shareholders listed in Hong Kong shall be kept in Hong Kong for inspection by Shareholders. However, the Company may suspend the registration of Shareholders in accordance with the Companies Ordinance of Hong Kong and other applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold. Shareholders holding the same class of shares shall enjoy equal rights and assume the same obligations.

The Shareholders of the Company shall have the following rights:

- (a) to receive dividends and profit distributions in any other forms in proportion to their shareholdings;
- (b) to lawfully request the convening, convocation, and preside over, attend, or appoint a Shareholder proxy to attend the Shareholders' meeting, and to exercise corresponding voting rights;
- (c) to supervise, make recommendations or make inquiries about the operations of the Company;
- (d) to transfer, gift, or pledge their shares in the Company in accordance with laws, administrative regulations, and the provisions of the Articles of Association;
- (e) to inspect and make copies of the Articles of Association, the Register of Shareholders, the minutes of the Shareholders' Meetings, the resolutions of the Board of Directors, and the financial and accounting reports. Shareholders who meet the requirements may inspect the accounting books and vouchers of the Company;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (f) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to their shareholdings;
- (g) to require the Company to purchase their shares in the event of their objection to the resolutions on the merger or division of the Company of the Shareholders' meeting;
- (h) other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The Articles of Association, resolutions of the Shareholders' meetings or resolutions of the Board of Directors shall be in accordance with the law and regulations, and shall not deprive or restrict the statutory rights of Shareholders. The Company shall protect the lawful rights of Shareholders and ensure that they are treated fairly.

If a resolution of the Shareholders' meeting or the Board of Directors violates laws or administrative regulations, Shareholders shall have the right to request the People's Court to declare it invalid.

If the convening procedures or voting methods of a Shareholders' meeting or a meeting of the Board of Directors violate laws, administrative regulations, or the Articles of Association, or if the content of a resolution violates the Articles of Association, Shareholders shall have the right to request the People's Court to cancel such resolution within 60 days from the date on which the resolution was made. However, it shall not apply if the convening procedures or voting methods of the Shareholders' meeting or the meeting of the Board of Directors contain only minor defects and have no substantial effect on the resolution.

Where the Board of Directors, Shareholders or other relevant parties dispute the validity of a resolution of a Shareholders' meeting, they shall promptly file a litigation with the People's Court. Prior to the issuance of a judgment or ruling by the People's Court, the relevant parties shall implement the resolution of the Shareholders' meeting. No entity may refuse to implement the resolution on the ground of its invalidity. The Company, its Directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

Where the People's Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with laws, administrative regulations, relevant regulations of the CSRC and the securities regulatory authorities of the place where the Company's shares are listed, fully explain the impact and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. If the matter involves the correction of prior-period items, the Company shall handle such corrections in a timely manner and perform the corresponding information disclosure obligations.

The Shareholders of the Company shall have the following obligations:

- (a) to observe the laws, administrative regulations and the Articles of Association;
- (b) to pay the amounts of shares as per the shares subscribed for and the method of subscription;

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- (c) not to withdraw its Share Capital, except under circumstances stipulated by laws and regulations;
- (d) not to abuse Shareholder’s right to harm the interests of the Company or other Shareholders and not to abuse the Company’s independent status as a legal person and the Shareholder’s limited liability to harm the interests of the creditors of the Company;
- (e) to fulfil other obligations stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

If the Shareholders of the Company abuse the Shareholders’ rights thus causing loss to the Company or other Shareholders, they shall assume the liability of compensation according to law. If any Shareholder evades debts by abusing the Company’s independent status as a legal person and the limited liability of Shareholders, thereby seriously damaging the interests of any creditor of the Company, the Shareholder shall bear joint liability for the debts of the Company.

Controlling Shareholders and Actual Controllers

The controlling Shareholder and actual controllers of the Company shall comply with the following provisions:

- (a) to exercise their rights as Shareholders in accordance with the law and not to abuse their control rights or use their connected relationship to harm the legitimate interests of the Company or other Shareholders;
- (b) to strictly fulfil their public statements and various undertakings and not to change or waive such statements and undertakings;
- (c) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or are intended to occur;
- (d) not to appropriate the Company’s funds in any way;
- (e) not to order, instruct, or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (f) not to make use of the Company’s undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Company, or engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;
- (g) not to prejudice the legitimate interests of the Company and other Shareholders through unfair connected transactions, profit distribution, asset restructuring, external investment or any other means;

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- (h) to ensure the integrity of the Company’s assets, and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (i) Other provisions stipulated by laws, administrative regulations, CSRC, and the securities regulatory rules of the place where the Company’s shares are listed, and other requirements of the Articles of Association.

If a controlling Shareholder or actual controllers of the Company does not act as a Director of the Company but actually executes the affairs of the Company, the provisions of the Articles of Association on the duties of loyalty and diligence of Directors shall apply.

Where a controlling Shareholder or actual controller of the Company instructs a Director or senior officer to engage in an act that is detrimental to the interests of the Company or its Shareholders, he/she shall bear joint liability with the Director or senior management officer.

General Provisions for the Shareholders’ Meeting

The Shareholders’ meeting of the Company is composed of all Shareholders. The shareholders’ meeting, as the organ of authority of the Company, shall exercise its power in accordance with the laws:

- (a) To elect and remove Directors and decide on matters relating to the remuneration of Directors;
- (b) To examine and approve reports of the Board of Directors;
- (c) To examine and approve the Company’s profit distribution plans and loss recovery plans;
- (d) To decide on any increase or decrease of the Company’s registered capital;
- (e) To decide on the issue of corporate bonds by the Company;
- (f) To decide on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (g) To amend the Articles of Association;
- (h) To decide on the appointment and dismissal of the accounting firm engaged by the Company for its audit work;
- (i) To examine and approve the guarantee matters stipulated in Article 47 of the Articles of Association;
- (j) To examine matters relating to the purchase and sale of material assets by the Company within one year exceeding 30% of the Company’s latest audited total assets;
- (k) To examine and approve matters relating to changes in the use of proceeds from fund-raising;

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- (l) To examine equity incentive plans and employee stock ownership plans;
- (m) To examine other matters which shall be decided by the Shareholders' meeting as required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The shareholders' meeting may authorize the Board of Directors to resolve on the issue of corporate bonds.

The following external guarantees of the Company shall be submitted to the Shareholders' meeting for deliberation and approval:

- (a) Any guarantee provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries exceeds 50% of the Company's latest audited net assets;
- (b) Any guarantee provided after the Company's total amount of external guarantees exceeds 30% of the Company's latest audited total assets;
- (c) Any guarantee to be provided by the Company within one year with a guaranteed amount exceeding 30% of the Company's latest audited total assets;
- (d) Any guarantee for a party whose ratio of liabilities to assets exceeds 70%;
- (e) Any single guarantee with a guaranteed amount exceeding 10% of the Company's latest audited net assets;
- (f) Any guarantee for any Shareholder, actual controller or its related party;
- (g) Other external guarantees that shall be approved by the Shareholders' meeting as required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

When the Shareholders' meeting deliberates on the guarantee matters specified in item (c) of the preceding paragraph, such resolution shall be passed by at least two-thirds of the voting rights of the Shareholders present at the meeting.

When the Shareholders' meeting deliberates on a proposal to provide a guarantee to a Shareholder, actual controller or their related parties, such Shareholder or any Shareholder controlled by such actual controller shall not vote on such resolution. Such resolution shall be passed by a simple majority of the voting rights of the other Shareholders present at the meeting, unless otherwise stipulated by the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Where the Company provides guarantee for a wholly-owned subsidiary, or provides guarantee for a controlling subsidiary and other Shareholders of the controlling subsidiary provide guarantee in an equal proportion according to their interests, without prejudice to the interests of the Company, the provisions of items (a), (d) and (e) of this article may be exempted.

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If the Shareholders' meeting and the Board of Directors of the Company fails to comply with the approval authority and review procedures of this article, the Shareholders or Directors have the right to raise objections to the Board of Directors or the Shareholders' meeting within 5 days after the meeting, and request the Board of Directors or the Shareholders' meeting to reconsider external guarantee matters in accordance with the corresponding procedures within 60 days. If the Board of Directors or Shareholders' meeting of the company fails to implement it within the above time limit, Shareholders or Directors have the right to bring a lawsuit directly to the people's court in their own name for the benefit of the Company.

If the Board of Directors or the Shareholders' meeting of the Company fails to comply with the provisions of this article, the responsible Directors or Shareholders shall bear joint and several liability according to law.

Shareholders' meeting includes annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within 6 months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within 2 months from the date of the occurrence of any of the following circumstances:

- (a) the number of Directors is less than the quorum specified in the Company Law, or less than two-thirds of the number prescribed in the Articles of Association;
- (b) the uncovered losses of our Company reach one-third of its total paid-in share capital;
- (c) the Shareholders with 10% or more shares of the Company separately or jointly request;
- (d) the Board considers it necessary;
- (e) the Audit Committee proposes that such a meeting shall be held;
- (f) other circumstances conferred by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Convening of Shareholders' Meetings

The Board of Directors shall convene the Shareholders' meeting on time within the prescribed time limit. The independent director shall have the right to propose to the Board to convene an extraordinary general meeting, which shall be approved by a majority of all independent directors. With respect to the proposal of the independent director requesting the convening of an extraordinary general meeting, the Board shall give written feedback on whether or not to agree to the convening of an extraordinary general meeting within 10 days after receiving the proposal, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association. If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days after making the resolution of the Board; if the Board does not agree to convene an extraordinary general meeting, it shall state the reasons and make a public announcement.

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The Audit Committee proposes to the Board of Directors to convene an extraordinary general meeting, and shall submit such proposal to the Board in writing. The Board shall give written feedback on whether or not to agree to convene an extraordinary general meeting within 10 days after receiving the proposal, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days after making the resolution of the Board. Any change to the original proposal in the notice shall be approved by the Audit Committee.

If the Board does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the proposal, it shall be deemed that the Board is unable or does not perform the duty of convening the Shareholders' meeting, and the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall submit a request to the Board of Directors to convene an extraordinary general meeting in writing. The Board of Directors shall provide written feedback on whether or not to agree to convene an extraordinary general meeting within 10 days after receiving the request, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice convening the Shareholders' meeting within 5 days after making the resolution of the Board of Directors. Any change in the original request in the notice shall obtain the consent of the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the shares of the Company shall submit a request to the Audit Committee to convene an extraordinary general meeting in writing.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days after receiving the request, and any change in the original request in the notice shall obtain the consent of the relevant shareholders.

If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed time, it shall be deemed that the Audit Committee has failed to convene and preside over the Shareholders' meeting. Shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the Shareholders' meeting by themselves.

If there are other provisions in the laws, administrative regulations, departmental rules and relevant rules of the securities regulatory authority of the place where the Company's shares are listed, such provisions shall prevail.

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Proposals and Notices of Shareholders’ Meetings

The content of the proposal shall fall within the scope of power of the Shareholders’ meeting, have clear topics and specific resolutions, and comply with the relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

When the Company convenes a Shareholders’ meeting, the Board of Directors, the Audit Committee and shareholders holding more than 1% of the shares of the Company individually or jointly shall have the right to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the shares of the Company may put forward temporary proposals and submit them to the convener in writing 10 days before the Shareholders’ meeting. The convener shall, issue a supplementary notice of the Shareholders’ meeting announcing the contents of the temporary proposal, within 2 days after receiving the proposal, and submit the temporary proposal to the Shareholders’ meeting for consideration, but the temporary proposal violates laws, administrative regulations, other securities regulatory rules of the place where the Company’s shares are listed or except for the provisions of these Articles of Association, or those that do not fall within the scope of authority of the Shareholders’ meeting. If the Shareholders’ meeting is postponed due to the publication of supplementary notice of the Shareholders’ meeting in accordance with the provisions of the securities regulatory rules of the place where the Company’s shares are listed, the convening of the Shareholders’ meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company’s shares are listed.

Except as specified in the preceding paragraph, the convener shall not modify the proposals listed in the notice of Shareholders’ meeting or add new proposals after sending the notice of Shareholders’ meeting.

If the proposal is not specified in the notice of Shareholders’ meeting or does not comply the Articles of Association, the Shareholders’ meeting shall not vote and make a resolution.

The convener shall notify each shareholder by announcement 21 days before the annual general meeting, and the extraordinary general meeting shall notify each shareholder by announcement 15 days before the meeting. The date of the meeting shall not be included in the calculation of the commencement period.

The notice of a Shareholders’ meeting shall include the following:

- (a) the time, place and duration of the meeting;
- (b) the matters and proposals to be discussed at the meeting;
- (c) in plain language: all shareholders have the right to attend the Shareholders’ meeting, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;
- (d) the shareholding registration date of the shareholders entitled to attend the Shareholders’ meeting;

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- (e) name and telephone number of the permanent contact person for conference affairs;
- (f) voting time and voting procedure for networks or other means. The start time of voting by network or other means at the Shareholders' meeting shall not be earlier than 3:00 p.m. on the day before the on-site Shareholders' meeting, nor later than 9:30 a.m. on the day of the on-site Shareholders' meeting and the end time shall not be earlier than 3:00 p.m. on the day of the on-site Shareholders' meeting;
- (g) the interval between the record date and the meeting date shall not exceed seven working days; once the record date is confirmed, it cannot be changed;
- (h) other requirements stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Holding of Shareholders' Meetings

All the shareholders who are registered as at the shareholding registration date in accordance with the securities regulatory rules of the place where the Company's shares are listed, or their proxies, shall be entitled to attend the Shareholders' meeting and exercise their voting rights in accordance with relevant laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association (unless individual shareholders are required to waive their voting rights on certain matters under the securities regulatory rules of the place where the Company's shares are listed) and speak at Shareholders' meetings.

Shareholders may attend the Shareholders' meeting in person or entrust a proxy to attend and vote on their behalf. Every shareholder, including a recognized clearing house (or its proxy) as defined in the relevant ordinances enacted in Hong Kong from time to time, may authorize its corporate representative or such person or persons as it thinks fit to act as its proxy and vote at any Shareholders' meeting and the presence of such representative at any Shareholders' meeting shall be deemed to be that such shareholders' personal presence.

Every shareholder shall be entitled to appoint a proxy who needs not necessarily be a shareholder of the company and that every shareholder being a company shall be entitled to appoint a representative to attend and vote at any Shareholders' meeting of the issuer and, where a company is so represented, it shall be treated as being present at any meeting in person. A company may execute a form of proxy under the hand of a duly authorized officer.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents that can verify their identity; attending the meeting shall present their valid identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented at the meeting by the legal representative or a proxy authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative; proxies attending the meeting shall present their personal identity cards, the written proxy statement legally issued by the legal representative of the corporate shareholder (other than a recognized clearing house (or its proxy) as defined in the relevant ordinances enacted in Hong Kong from time to time).

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If a shareholder is a Recognized Clearing House (or its proxy) as defined by the relevant ordinances or regulations of the place where the shares are listed (hereinafter referred to as "**Recognized Clearing House**"), such shareholder is entitled to appoint one or more persons or Company representatives as it deems fit to act on its behalf at any meeting (including but not limited to the Shareholders' meeting and the meeting of creditors); where more than one person is authorized, the letter of authorization shall specify the number and class of shares involving each person so authorized. The letter of authorization should be signed by the authorized officer of the Recognized Clearing House. Such persons so authorized shall be entitled to attend the meeting (who are not required to provide the proof of shareholding, the notarized power of attorney and/or further evidence of his duly authorization), and shall be entitled to the same statutory rights enjoyed by other shareholders, including speak at the meeting and exercise their rights on behalf of the Recognized Clearing House (or its proxy) as if they were individual shareholders of the Company.

The proxy statement to appoint another person to attend the Shareholders' meeting by a shareholder shall contain the following:

- (a) name of the principal, and the class and quantity of shares of the Company held thereby;
- (b) name of the proxy;
- (c) the specific instructions of the shareholder, including instructions on vote for, against or abstain from voting on each matter to be considered at the Shareholders' meeting;
- (d) the issuing date and validity period of the power of attorney;
- (e) signature (or seal) of the principal. If the principal is a legal person shareholder or a partnership shareholder, it shall be affixed with the seal of the legal person entity or signed by a legally authorized person.

The Chairman of the Board shall preside over the Shareholders' meeting. In the event of any inability or failure of the Chairman of the Board to perform his duties, a director jointly elected by a majority of the directors shall preside over the Shareholders' meeting.

A Shareholders' meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable to, or fails to perform his/her duties, one member of the Audit Committee jointly elected by a majority of the members of the Audit Committee shall preside over the meeting.

A Shareholders' meeting convened by the shareholders shall be chaired by the convener or a representative proposed by the convener(s).

When a Shareholders' meeting is held and the chairman of the meeting violates these rules of procedure which makes it difficult for the Shareholders' meeting to continue, subject to the approval of a majority of the shareholders having the voting rights who are present at the meeting, a person may be elected at the Shareholders' meeting to act as the chairman of the meeting.

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Voting and Resolutions of Shareholders' Meeting

Resolutions of the Shareholders' meeting shall be divided into ordinary and special resolutions.

An ordinary resolution of a Shareholders' meeting shall be passed by over one-half of the voting rights held by the shareholders present at the Shareholders' meeting.

A special resolution of a Shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders present at the Shareholders' meeting.

Shareholders referred to in this article include shareholders who entrust proxies to attend the Shareholders' meeting.

The following matters shall require the sanction of an ordinary resolution at a Shareholders' meeting:

- (a) the working reports of the Board of the Directors;
- (b) plans for distribution of profits and plans for recovery of losses proposed by the Board of the Directors;
- (c) the appointment and removal of the members of the Board and their remuneration and method of payment;
- (d) other matters except those required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be approved by special resolution.

The following matters shall require the sanction of a special resolution at a Shareholders' meeting:

- (a) the increase or decrease in registered capital of the Company;
- (b) the demerger, spin-off, amalgamation, dissolution and liquidation of the Company;
- (c) amendments to the Articles of Association;
- (d) the purchase and disposal of material assets or provide guarantee to others by the Company within one year exceeding 30% of the Company's latest audited total assets;
- (e) the equity incentive schemes;
- (f) other matters required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be approved by special resolutions, and which have been determined by ordinary resolutions at the Shareholders' meeting to have significant impact on the Company.

Shareholders have the right to speak and vote at Shareholders' meetings unless individual shareholders are required under the Hong Kong Listing Rules to abstain from voting in respect of individual matters. Shareholders shall exercise their voting rights based on the number of voting shares

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they represent. Each share is entitled to one vote, except class shareholders. When voting on a poll, a securities depository and clearing institution, as the nominal holder of shares of the Mainland and Hong Kong Stock Market Exchange Interconnect or a shareholder who is a recognized clearing house (or its proxy) as defined in the relevant ordinances enacted in Hong Kong from time to time, has two or more votes and is not required to cast all voting rights in favor, against or abstain.

When material issues affecting the interests of minority investors are considered at a Shareholders’ Meeting, the votes of minority investors shall be counted separately. The separate votes counting results shall be disclosed in a timely manner to the public.

The shares which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a Shareholders’ Meeting.

Pursuant to the applicable laws and regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution, or is restricted to voting only in favor of (or against) a resolution, the votes cast by such shareholder or its proxy in breach of such relevant provisions or restrictions shall not be counted in the total number of voting shares.

Shareholders who purchase the voting shares of the Company in violation of the provisions of Clause 1 and Clause 2 of Article 63 of the PRC Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after the purchase, and such number shall not be counted in the total number of voting shares represented by shareholders attending a Shareholders’ Meeting.

The Board, independent directors, shareholders holding more than 1% of voting shares or investor protection agencies established in accordance with laws, administrative regulations, or requirements of the CSRC, the securities regulatory authority of the place where the Company’s shares are listed, may publicly solicit voting rights from shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders’ voting rights is prohibited. The Company shall not impose any minimum shareholding limit for soliciting voting rights, except for statutory conditions.

When the Shareholders’ Meeting deliberates on matters related to connected transactions, connected shareholders (including shareholders with material interests in the transaction) and their close associates (as defined in the Hong Kong Listing Rules) shall not participate in the voting, and the number of voting shares they represent shall not be included in the total number of valid votes. The announcement of the resolution of the Shareholders’ Meeting shall fully disclose the voting situation of non-connected shareholders.

Procedures in respect of abstaining from voting and voting by connected shareholders are as follows: for transactions subject to approval at the Shareholders’ Meeting, the convener shall make a decision prior to the publication of the notice for the Shareholders’ Meeting as to whether such transactions constitute connected transactions pursuant to the laws and regulations. If, based on the judgment of the convener, such transactions to be put forward at the Shareholders’ Meeting constitute connected transactions, the convener shall notify the connected shareholders in writing, and disclose the information on the connected persons regarding the resolutions to be passed at the Shareholders’ Meeting in the notice of the Shareholders’ Meeting.

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Connected shareholders shall voluntarily apply for avoidance or be subject to any request for avoidance made by other shareholders at the Shareholders’ Meeting. The convener shall investigate whether the shareholders are connected shareholders according to relevant stipulations, and shall decide whether the shareholders shall avoid voting.

In the event there is any disagreement by the connected shareholders on the decisions of the convener, he/she is entitled to report the case to relevant authorities, and may also submit the matters whether there is any connected relationship and whether he/she is entitled to voting or not to the people’s court for judgment provided that the exercising of the above right by relevant shareholders shall affect the normal convening of the Shareholders’ Meeting.

The connected shareholder can participate to consider its own connected transactions, explain and illustrate to the Shareholders’ Meeting whether such connected transactions are fair and legal as well as the reason for entering into such transactions. However, such shareholder shall have no right in participating the voting of such matters.

In these Articles, the meaning of “connected transaction” includes “connected transaction” as defined in the Hong Kong Listing Rules, “related party”, “related person” includes “connected person” as defined in the Hong Kong Listing Rules, and “connected relationship” includes “connected relationship” as defined in the Hong Kong Listing Rules.

Where a proposal for cash dividends, dividend in specie or conversion from the capital reserves to share capital is passed at the Shareholders’ Meeting, the Company shall implement specific plans within 2 months after the conclusion of the Shareholders’ Meeting. If the specific proposal cannot be implemented within 2 months due to the requirements of laws, regulations and securities regulatory rules of the place where the Company is listed, the implementation date may be adjusted accordingly in compliance with the relevant regulations and as appropriate.

BOARD OF DIRECTORS

General Provisions on Directors

Directors of the Company are natural persons and shall possess the qualifications required by the laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the Company’s shares are listed. The following person shall not serve as a Director of the Company if any of the following circumstances applies:

- (a) a person who has no capacity or has restricted capacity for civil conduct;
- (b) a person who has been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order; or has been deprived of political rights because of committing an offence, in each case where less than 5 years have elapsed since the expiration of the execution period; or where a probation has been declared, and has not yet elapsed two years from the date of completion of the probation period;

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- (c) a person who is a former director, factory director or manager of a company or an enterprise which was insolvent and liquidated and who was personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (d) a person who was the legal representative of a company or an enterprise whose business license has been revoked and was ordered to cease its business due to the violation of laws and who is personally liable for the revocation, where less than 3 years have elapsed since the date of the revocation of the business license or ordered to cease its business of such company or enterprise;
- (e) a person who has a substantial number of debts due and outstanding and is listed as a person subject to execution for breach of trust by the People's Court;
- (f) a person who has been banned from entering the securities market by the CSRC and whose term has not yet expired;
- (g) other contents stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or designation shall be invalid. The Company may remove any director who falls within any of the above categories in this Article during his/her term of office.

Directors shall be elected or replaced by the Shareholders' Meeting and may be removed from office by the Shareholders' Meeting prior to the expiry of their term. The term of office of Directors shall be three years, and Directors may be re-elected upon the expiry of their term. If the relevant securities regulations of the place where the Company's shares are listed provide otherwise regarding the re-election of Directors, such provisions shall prevail.

The term of office of a director commences from the date of his/her taking office till the expiry of the current session of the board of directors. A director is required to continue to perform his/her duties as a director in accordance with the laws, administrative regulations, department rules and these Articles until a re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office.

Any person appointed by the Board of Directors as a director to fill a casual vacancy on the Board of Directors or as an addition to the Board of Directors shall hold office only until the first annual shareholders' meeting following his/her appointment, and shall then be eligible for re-election.

The senior management may concurrently serve as directors, provided that the total number of directors who concurrently serve as general manager or other senior management and directors who are employee representatives shall not exceed half (1/2) of the total number of directors of the Company.

The election and appointment of the Company's Directors shall be conducted in accordance with the principles of openness, fairness, impartiality and independence. During the election process of Directors, the opinions of minority shareholders shall be fully reflected.

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Board of Directors

The Company sets the Board of Directors which consists of seven Directors, including one Chairman, one employee representative Director, and three independent Directors.

The chairman shall be elected by a simple majority of votes of all directors.

The employee representative Director shall be elected by the Company's employees through the employees' congress.

The Board of Directors shall have a reasonable structure of specialties. Directors shall possess knowledge, expertise and quality necessary for performing their duties. Diversity in the composition of the Board of Directors is encouraged, including but not limited to diversity in gender, age, culture, educational background, and professional experience.

The board of directors exercises the following functions and powers:

- (a) to convene Shareholders' Meetings and report on its work to the Shareholders' Meetings;
- (b) to implement the resolution(s) of a Shareholders' Meeting;
- (c) to determine the business operation plans and investment plans of the Company;
- (d) to formulate the profit distribution plans and loss recovery plans of the Company;
- (e) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of corporate bonds or other securities and listing;
- (f) to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution or conversion of the corporate form of the Company;
- (g) to decide on matters such as external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions and external donations of the Company within the scope of authorization of the Shareholders' Meeting;
- (h) to determine the setup of the Company's internal management bodies;
- (i) to decide on the appointment or dismissal of the Company's general manager, the Board secretary and other senior management members, and decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management members based on the nomination of the general manager, and decide on their remuneration, rewards and punishments;
- (j) to formulate the fundamental management system of the Company;
- (k) to formulate the proposal for amendment of these Articles;

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- (l) to manage the information disclosure of the Company;
- (m) to propose to the Shareholders' Meeting to engage or replace the accounting firm that provides auditing services to the Company;
- (n) to listen to the work report of the general manager of the Company and inspect his/her work;
- (o) any other authorities which are granted by law, administrative regulations, departmental rules, securities regulatory rules of the place where the Company is listed or these Articles.

Matters beyond the scope authorized by the Shareholders' Meeting shall be submitted to the Shareholders' Meeting for consideration and decision.

In the event that the board of directors considers a connected transaction of the Company, if any Director or any of his/her close associates (as defined in the Hong Kong Listing Rules) has a connected relationship (including a material interest in the matter) with an enterprise or individual involved in the resolution under consideration at the Board meeting, such Director shall promptly submit a written report to the Board. The connected Director shall abstain from voting and shall not proxy for another Director to exercise voting rights. Such Board meeting may be held with the attendance of a simple majority of non-connected Directors. Resolutions of the Board meeting shall require approval by a simple majority of non-connected Directors. If the number of non-connected Directors present at the Board meeting is less than three, the Company shall submit the transaction to the Shareholders' Meeting for deliberation.

The chairman of the board of directors exercises the following functions and powers:

- (a) to preside over the Shareholders' Meetings and convene and preside over the meetings of the board of directors;
- (b) to supervise and inspect the implementation of the resolutions of the board of directors;
- (c) to exercise any other functions and powers granted by the board of directors.

The board of directors shall convene regular board meeting at least four times each year. The meeting shall be convened by the chairman and all the directors shall be notified in writing 14 days prior to the meeting.

An interim meeting of the board of directors is required to be held upon the proposal of shareholders representing more than 1/10 voting rights, more than 1/3 of directors or Audit Committee. The chairman of the board of directors shall, within 10 days upon receipt of the proposal, convene and preside over the meeting of the board of directors.

If any Director has connection with the enterprise or individual involved in the resolution made at a Board meeting, the said Director shall report to the Board of Directors in writing in a timely manner and shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the Shareholders' Meeting for consideration. If there are any additional restrictions on

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Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail provided that they do not violate the domestic regulatory requirements.

Directors shall attend a board meeting in person. If any director is unable to attend any board meeting for any reason, he/she may authorize in writing another director to attend on his/her behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing director. The appointed director who attends the meeting shall exercise the rights of director within the scope of authorization. If a director fails to attend a board meeting in person and appoint a proxy on his behalf to attend the meeting, he/she is deemed to have waived his/her voting rights at such meeting.

Independent Directors

As members of the Board of Directors, independent directors shall owe fiduciary duties and duties of diligence to the Company and its shareholders as a whole, and shall prudently fulfill the following duties:

- (a) participate in the decision-making of the Board of Directors and express clear opinions on matters discussed;
- (b) supervise potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors, and senior management to protect the legitimate rights and interests of minority shareholders;
- (c) provide professional and objective advice on the operations and development of the Company and promote the enhancement of the decision making level of the Board of Directors;
- (d) fulfill other duties as stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

An independent director shall exercise the following special powers:

- (a) independently engage intermediaries to audit, consult, or verify specific matters of the Company;
- (b) propose the convening of extraordinary general meetings to the Board of Directors;
- (c) propose the convening of Board meetings;
- (d) publicly solicit shareholders' rights from shareholders in accordance with the law;
- (e) express independent opinions on matters that may jeopardize the rights and interests of the Company or minority shareholders;
- (f) exercise other powers as stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

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When an independent director exercises any of the powers listed in items (a) to (c) of the preceding paragraph, such exercise shall be approved by a simple majority of all independent directors.

The Company shall disclose in a timely manner if an independent director exercises the powers listed in the first paragraph. If the aforementioned powers cannot be exercised properly, the Company shall disclose the specific circumstances and reasons thereof.

The following matters shall be submitted to the Board of Directors for consideration after being approved by a simple majority of all independent directors of the Company:

- (a) connected transactions that require disclosure;
- (b) plans on changes to or waivers of commitments by the Company and related parties;
- (c) decisions made and measures taken by the Board of Directors of an acquired listed company in relation to the acquisition;
- (d) other matters as prescribed by laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

Special Committees of the Board of Directors

The Board of Directors shall establish an Audit Committee, which shall exercise the powers and functions of the Board of Supervisors as prescribed by the PRC Company Law. The members of the Audit Committee shall be elected and replaced by the Board of Directors, with a term of office of three years, and may be re-elected upon expiry of their term.

The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audits and internal controls. The following matters shall be submitted to the board of directors for deliberation only after obtaining the approval of a simple majority of all members of the Audit Committee:

- (a) disclosure of financial information in financial accounting reports and regular reports and internal control evaluation reports;
- (b) appointment or dismissal of accounting firms engaged for the audit business of the company;
- (c) appointment or dismissal of the chief financial officer of the company;
- (d) Changes in accounting policies, accounting estimates, or corrections of major accounting errors due to reasons other than changes in accounting standards;
- (e) Other matters stipulated by laws, administrative regulations, and the securities regulatory rules of the place where the Company’s shares are listed.

The Board of the Company shall establish special committees such as the Strategy and ESG Committee, the Nomination Committee, the Remuneration and Appraisal Committee, etc. Each special committee shall be accountable to the Board and perform the duties prescribed by the Articles of Association and the Board. Any proposals shall be submitted to the Board for consideration and

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approval. All members of each special committee shall be Directors, among which, the majority of the members of the Nomination Committee and the Remuneration and Appraisal committee shall be independent Directors who also convene the meetings of such committees.

SENIOR MANAGEMENT

The Company shall have one general manager, several deputy general managers, appointed or removed by the decision of the Board.

The general manager shall be accountable to the Board and exercise the following duties and powers:

- (a) to lead the Company's production, operation and management and organize resources to carry out the Board's resolutions and report his/her works to the Board;
- (b) to organize the implementation of the Company's annual business plan and investment plan;
- (c) to draft plans for the establishment of the Company's internal management structure;
- (d) to draft the Company's basic management system;
- (e) to formulate the specific rules and regulations of the Company;
- (f) to propose to the Board the appointment or dismissal of deputy general managers and chief financial officer of the Company;
- (g) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by decision of the Board;
- (h) to exercise other duties and powers conferred by securities regulatory rules of places where the Company's shares are listed, the Articles of Association or the Board.

A general manager may attend Board meetings.

Deputy general managers and chief financial officer are nominated by the general manager and appointed or dismissed by the Board. In the working rules of the general manager, the Company shall stipulate the appointment and dismissal procedures of deputy general managers and chief financial officer, their relationship with the general manager, as well as the powers and responsibilities of the above-mentioned senior management members.

The Company has a Board secretary who is responsible for matters such as preparing the Company's Shareholders' meetings and Board meetings, safekeeping documents, managing the information of the Company's Shareholders and handling information disclosures.

The Board secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, securities regulatory rules of places where the Company's shares are listed and the Articles of Association.

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FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its financial accounting system in accordance with the provisions of laws, administrative regulations and the competent national authorities as well as securities regulatory rules of places where the Company’s shares are listed.

Disclosure of A Share Regular Reports: The Company shall report and disclose its annual reports to the CSRC and the Shanghai Stock Exchange within 4 months from the ending date of each fiscal year, and report and disclose its interim reports to the delegated authority of the CSRC and the Shanghai Stock Exchange within two months from the ending date of the first half of each fiscal year.

Disclosure of H Share Regular Reports: Regular reports on the Company’s H Shares include annual reports and interim reports. The Company shall disclose a preliminary announcement on the annual results within three months from the ending date of each fiscal year, and complete and disclose the annual report within four months from the ending date of each fiscal year and at least 21 days before the date of the annual Shareholders’ general meeting.

The Company shall disclose a preliminary announcement on the interim results within two months from the ending date of the first six months of each fiscal year, and complete and disclose the interim report within three months from the ending date of the first 6 months of each fiscal year.

The aforesaid annual results, interim reports, interim results and interim reports are prepared in accordance with the relevant laws, administrative regulations and regulations of the securities regulatory authorities in the places where the shares of the Company are listed.

The Company shall not establish accounts books other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company’s statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company’s registered capital, the Company needs not to make any further allocations to that fund.

Where the Company’s statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year’s profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision.

Subject to a resolution passed at a Shareholders’ meeting, after allocation has been made to the Company’s statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund from its after-tax profits.

Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of reserve funds, shall be distributed in proportion to the number of shares held by the Shareholders.

If the Shareholders’ meeting distributes profits to Shareholders in violation of the Company Law, Shareholders shall refund to the Company the profits distributed in violation of the provisions; if losses are caused to the Company, the Shareholders and the responsible Directors and senior management members shall be liable for compensation.

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No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The Company shall appoint one or more receiving agents in Hong Kong for H Shareholders. The receiving agent shall receive and safekeep the dividends and other amounts payable by the Company in respect of the H shares on behalf of the H Shareholders concerned, pending payment to such H Shareholders. The receiving agent appointed by the Company shall comply with the requirements of laws and regulations and the securities regulatory rules of the place where the Company’s shares are listed.

INTERNAL AUDIT

The Company maintains an internal audit system, which specifies the leadership system, duties and responsibilities, staffing, financial assurance, application of audit results and accountability for internal audit work.

The internal audit system shall be implemented upon the approval of the Board and disclosed to the public.

APPOINTMENT OF AN ACCOUNTING FIRM

The Company shall appoint such accounting firm which has complied with laws, administrative regulations and securities regulatory rules of the places where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be one year and can be re-appointed.

The engagement and dismissal of an accounting firm by the Company shall be submitted to the Board for consideration after approval by a majority of all members of the Audit Committee, and determined at the Shareholders’ meeting, and the Board shall not engage an accounting firm before any decision is made at the Shareholders’ meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fee of the accounting firm shall be determined by the Shareholders’ meeting.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 15 days in advance; when the Shareholders cast their votes at the Shareholders’ meeting on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation thereat.

An accounting firm proposing to resign shall state its opinions in the Shareholders’ meeting whether the Company has committed any improper act.

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MERGER, DIVISION, CAPITAL INCREASE AND CAPITAL REDUCTION

Merger of the Company may take the form of absorption or establishment of a new company.

In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement on the Suzhou Daily or the National Enterprise Credit Information Publicity System within 30 days as of the date of such resolution.

A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

Where the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, such provisions shall also be complied by the parties.

When the Company is merged, the claims and debts of each party to the merger shall be succeeded by the company surviving the merger or the new company established subsequent to the merger.

Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement on the Suzhou Daily or the National Enterprise Credit Information Publicity System within 30 days as of the date of such resolution. Where the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, such provisions shall also be complied by the parties.

Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company reduces its registered capital, it shall prepare a balance sheet and property list.

The Company shall notify its creditors within 10 days as of the date of the resolution made by the Shareholders' meeting for the reduction of its registered capital and shall publish an announcement on the Suzhou Daily or the National Enterprise Credit Information Publicity System within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts. Where the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, the relevant provisions shall also be complied by the parties.

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If the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in accordance with the proportion of capital contributed or shares held by Shareholders, unless otherwise provided by law or otherwise provided in the Articles of Association.

In the event of a merger or division of the Company, if there is a change in the registration items, the Company shall go through the change registration with the company registration authority in accordance with the law; if the Company is dissolved, it shall go through the deregistration procedures of the Company in accordance with the law; if a new company is established, the company establishment registration shall be completed in accordance with the law.

If the Company increases or reduces its registered capital, it shall go through the change registration with the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved upon the occurrence of the following events:

- (a) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;
- (b) a resolution on dissolution is passed by a Shareholders' meeting;
- (c) dissolution is required due to the merger or division of the Company;
- (d) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (e) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing 10% or above of the total voting rights of the Company may plead the people's court to dissolve the Company.

In the event that the Company has the dissolution causes as prescribed in the preceding paragraph, it is obligated to disclose the causes of dissolution through the National Enterprise Credit Information Publicity System within 10 days.

Where the Company is dissolved pursuant to Items (a), (b), (d) and (e) of Article 197 of the Articles of Association, it shall be liquidated. The Directors are the liquidation obligators of the Company and shall establish a liquidation committee within 15 days as of the dissolution circumstance arises, and the liquidation shall be thereby started.

The liquidation committee shall be composed of Directors, unless otherwise stipulated in the Articles of Association or otherwise elected by the resolution of the Shareholders' meeting.

If a liquidation obligator fails to fulfill its liquidation obligations in a timely manner and causes losses to the Company or its creditors, it shall be liable for compensation.

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The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (a) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (b) to notify the creditors or to publish public announcements;
- (c) to dispose of and liquidate any unfinished businesses of the Company;
- (d) to pay all outstanding taxes and any tax that arises during the liquidation process;
- (e) to settle claims and debts;
- (f) to deal with the residual assets remaining after repayment by the Company of its debts;
- (g) to represent the Company in any civil proceedings.

The liquidation committee shall notify the creditors within 10 days since its establishment and shall publish an announcement on the Suzhou Daily or the National Enterprise Credit Information Publicity System within 60 days. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to declare their claims to the liquidation committee. Where the securities regulatory rules at the place where the shares of the Company are listed have separate provisions, the relevant provisions shall also be complied by the parties.

Creditors shall provide explanations and evidence for their claims upon their declarations of such claims. The liquidation committee shall record the creditors' claims.

The liquidation committee shall not pay off any debts to any creditors during period of claim declaration.

After clearing the assets of the Company and preparing a balance sheet and property list, the liquidation committee shall formulate a liquidation plan for the confirmation of the Shareholders' meeting or the people's court.

The remaining assets of the Company, after the payment for liquidation expenses, wages, social insurance premiums and statutory compensation of staffs and paying the taxes owed, settling the Company's debts, shall be distributed by the Company to Shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to liquidation.

The properties of the Company shall not be distributed to the Shareholders until the settlement of debts in accordance with the preceding provisions.

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If the liquidation committee, after clearing the assets of the Company and preparing a balance sheet and property list, finds that the assets of the Company are insufficient to pay off its debts, it shall immediately file an application to the people's court for insolvency and liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit the report at the Shareholders' meeting or the people's court for confirmation, and submit the report to the company registration authority to apply for de-registration of the Company.

Members of the liquidation committee shall perform their obligations of liquidation and bear duties of loyalty and diligence.

Members of the liquidation committee shall bear the liability for damages suffered by the Company due to their negligence to perform the obligations of liquidation; members of the liquidation committee shall bear the liability for damages suffered by creditors due to their intentional or grossly negligent conducts.

Where the Company is declared bankruptcy in accordance with law, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in any of the following circumstances:

- (a) after amendments are made to the Company Law or other relevant laws, administrative regulations and securities regulatory rules at the place where the shares of the Company are listed, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and securities regulatory rules at the place where the shares of the Company are listed;
- (b) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association;
- (c) the Shareholders' meeting has resolved to amend the Articles of Association.

Where the amendments to the Articles of Association passed by resolutions of the Shareholders' meeting require approval of the competent authorities, the amendments shall be submitted to the relevant authorities for approval. Where the amendments involve registration matters of the Company, the involved changes shall be registered in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the Shareholders' meeting on amendment to the Articles of Association and the examination and review comments from relevant authorities.

The amendment of the Articles of Association is considered information that is required to be disclosed according to the law and regulations, and shall be publicly announced in accordance with the stipulations.

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STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on June 18, 2012 and was converted into a joint stock company with limited liability under the laws of the PRC on September 20, 2019. Our Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong and were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on October 6, 2025. Ms. Chan Ching Nga (陳靜雅), the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process and notice in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As our Company was established in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in “Regulatory Overview.” A summary of the Articles of Association is set out in Appendix III to this document.

2. Changes in Share Capital of Our Company

On June 18, 2012, our Company was established with a registered capital of RMB60 million. On September 20, 2019, our Company was converted into a joint stock company with limited liability under the laws of the PRC with a registered share capital of RMB60 million divided into 60,000,000 shares of RMB1.00 par value each, which were subscribed for by all the then existing Shareholders. Upon completion of the A Share Listing in March 2021, the registered capital of our Company increased from RMB60,000,000 to RMB80,000,000.

For further details on the historical change of share capital of our Company, see “History, Development and Corporate Structure.” Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this document.

3. Resolutions of the Shareholders

Pursuant to the extraordinary general meeting of our Shareholders held on September 17, 2025, the following resolutions, among others, were passed by our Shareholders:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be issued shall not be more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED], and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED]% of the number of H Shares initially issued pursuant to the [REDACTED];
- (c) subject to the completion of the [REDACTED], the adoption of the Articles of Association which shall become effective on the [REDACTED], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

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- (d) authorization of our Board and its authorized person to handle all relevant matters relating to, among other things, the issue and [REDACTED] of the H Shares.

4. Changes in the Share Capital of Our Subsidiaries

Particulars of our subsidiaries are included in Note 1 to the Accountants’ Report set out in Appendix I to this document.

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this document:

UIG Switzerland

On November 8, 2024, the issued share capital of UIG Switzerland increased from Swiss franc 500,000 to Swiss franc 1 million.

UIG Singapore

On May 27, 2025, UIG Singapore was incorporated in Singapore with an issued share capital of Singapore Dollars 500,000.

UIG HK

On July 8, 2025, UIG HK was incorporated in Hong Kong with an issued share capital of HK\$10 million.

Suzhou UIGreen

On October 21, 2025, the issued share capital of Suzhou UIGreen increased from RMB100,000 to RMB5 million.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contract

We have entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

- (a) the [REDACTED].

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks, which we considered to be or may be material to our business:

No.	Trademark	Place of registration	Class	Registration number	Registered owner	Registration date
1.	和林微纳	PRC	9	46202940	Our Company	February 21, 2021
2.	UIGreen	PRC	9	46181365	Our Company	May 28, 2021

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No.	Trademark	Place of registration	Class	Registration number	Registered owner	Registration date
3.		PRC	7	10612218	Our Company	May 7, 2013
4.	和林微纳	PRC	7	10612117	Our Company	May 7, 2013
5.	UIGreen	PRC	10	10612049	Our Company	May 7, 2013
6.	UIGreen	PRC	7	10611960	Our Company	May 7, 2013
7.	和林微纳	PRC	9	10612169	Our Company	May 7, 2013
8.		PRC	10	10612342	Our Company	May 7, 2013
9.	和林微纳	PRC	10	10612192	Our Company	May 7, 2013
10.	UIGreen	Hong Kong	9	306124798	Our Company	April 12, 2023
11.	和林微纳	Hong Kong	9	306124806	Our Company	April 12, 2023
12.		Hong Kong	9	306124824	Our Company	April 12, 2023

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to our business:

No.	Patent Description	Patentee	Place of registration	Patent type	Patent number	Filing date
1.	A rotary cutting punch (一種旋切沖頭)	Our Company	PRC	Invention Patent	2011104203533	December 15, 2011
2.	Stretch-formed chip box with good welding performance and its manufacturing method (焊接性能良好的拉伸成型芯片盒及其製作方法)	Our Company	PRC	Invention Patent	2012105381087	December 13, 2012
3.	Bevel fine-tuning device (斜楔微調裝置)	Our Company	PRC	Invention Patent	2013107308907	December 27, 2013
4.	Peeling punch for reducing punch shear force (用於減小沖頭剪切力的旋切沖頭)	Our Company	PRC	Invention Patent	2015100177947	January 14, 2015
5.	Device for preventing accidental puncture and blood contamination of indwelling needle (一種留置針的防誤刺防血污染裝置)	Our Company	PRC	Invention Patent	2013107311844	December 27, 2013

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No.	Patent Description	Patentee	Place of registration	Patent type	Patent number	Filling date
6.	A detachable blanking punch for expansion cutting (一種用於漲切的可拆卸下料沖子)	Our Company	PRC	Invention Patent	2015100334469	January 23, 2015
7.	Processing method of special-shaped thick and thin clip parts (異形厚薄Clip件加工方法)	Our Company	PRC	Invention Patent	2016100367908	January 20, 2016
8.	A mold for processing waterproof grooves of circular deep-drawn products and its processing method (一種用於加工圓拉深產品防水槽用模具及其加工方法)	Our Company	PRC	Invention Patent	2016111444043	December 13, 2016
9.	A quick-change punch mechanism (一種快換沖頭機構)	Our Company	PRC	Invention Patent	201611144754X	December 13, 2016
10.	Shell-sound-tube integrated structure and its processing method (一種殼聲管一體式結構及其加工方法)	Our Company	PRC	Invention Patent	2016111491561	December 13, 2016
11.	A product prefabricated part for CPU lead and its processing method (一種用於CPU引線的產品預製件及其加工方法)	Our Company	PRC	Invention Patent	201611144761X	December 13, 2016
12.	A Cu-Slug ultrasonic welding process (一種Cu-Slug超聲波焊接工藝)	Our Company	PRC	Invention Patent	2018103246340	April 12, 2018
13.	Assembly method of ultra-high frequency spring probe test assembly (一種超高頻彈簧探針測試組件的裝配方法)	Our Company	PRC	Invention Patent	2020115004462	December 18, 2020
14.	Integrated circuit testing apparatus and method	Our Company	USA	Invention Patent	US11143699B2	February 19, 2020
15.	Uniform injection depth retractable insulin syringe (統一注射深度伸縮型胰島素注射器)	Our Company	PRC	Invention Patent	202111213691X	October 19, 2021
16.	Multi-station rotary micro probe fully automatic crimping machine (多工位回轉式微型探針全自動卷邊機)	Our Company	PRC	Invention Patent	2021111186729	September 24, 2021
17.	End grinding machine for linear probe (一種線性探針的端磨機)	Our Company	PRC	Invention Patent	2022108001755	July 8, 2022
18.	A linear probe sharpening machine (一種線性探針的磨尖機)	Our Company	PRC	Invention Patent	2022108003036	July 8, 2022

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No.	Patent Description	Patentee	Place of registration	Patent type	Patent number	Filing date
19.	New knob flip-up manual test cover (新型旋鈕翻蓋式手測蓋)	Our Company	PRC	Invention Patent	2022108310852	July 15, 2022
20.	Ultra-thin grounded heat dissipation components and test bases (超薄接地散熱組件及測試基座)	Our Company	PRC	Invention Patent	202210897059X	July 28, 2022
21.	A linear probe straightening and cutting machine (一種線性探針的矯直切斷機)	Our Company	PRC	Invention Patent	202210850971X	July 20, 2022
22.	Method for assembling ultrahigh-frequency spring probe test assembly	Our Company	USA	Invention Patent	US11835567B2	September 21, 2021
23.	Side cutting die based on the same reference plane and its processing method (基於同一基準面的側切模具及其加工方法)	Our Company	PRC	Invention Patent	2019101803503	March 11, 2019
24.	A vertical injection mechanism for a needle-free syringe (一種無針注射器的垂直注射機構)	Our Company	PRC	Invention Patent	2021114437324	November 30, 2021
25.	A non-slider all-inclusive one-stop inward buckle forming structure (一種非滑塊全包一站式內扣成型結構)	Our Company	PRC	Invention Patent	2020115498369	December 24, 2020
26.	Die for enlarging the expanded end surface of thick material drawn workpiece and its processing method (增大厚料拉深件漲切端面用模具及其加工方法)	Our Company	PRC	Invention Patent	2019101799885	March 11, 2019
27.	A mold for easily discharging annular waste of a drawn part and its processing method (一種便於排出拉伸件環形廢料的模具及其加工方法)	Our Company	PRC	Invention Patent	2019102120640	March 20, 2019
28.	An ultra-precision high-stretching ratio mold structure (一種超精密級高拉伸比模具結構)	Our Company	PRC	Invention Patent	2020115402421	December 23, 2020
29.	A side punch waste die structure (一種側沖頂廢料模具結構)	Our Company	PRC	Invention Patent	2021116442609	December 30, 2021
30.	A self-destructing insulin pen needle (一種自毀式胰島素針頭)	Our Company	PRC	Invention Patent	2022116414868	December 20, 2022

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Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Registration date
1.	uigreen.com	Our Company	October 17, 2022
2.	uigreen.cn	Our Company	December 27, 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of Our Directors and the Chief Executive of Our Company

Save as disclosed below, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), so far as our Directors are aware, none of our Director and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Name	Nature of interest	Description of Shares	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares immediately following the [REDACTED] ⁽¹⁾	Approximate percentage of shareholding in the total share capital of our Company immediately following the [REDACTED] ⁽¹⁾
Mr. Luo ⁽²⁾	Beneficial owner	A Shares	50,623,757	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation	A Shares	7,152,860	[REDACTED]%	[REDACTED]%
Mr. Qian Xiaochen . . .	Beneficial owner	A Shares	11,232,000	[REDACTED]%	[REDACTED]%
Mr. Ma Hongwei	Beneficial owner	A Shares	7,886,112	[REDACTED]%	[REDACTED]%

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) Mr. Luo acts as the general partner of Suzhou Heyang. Therefore, Mr. Luo is deemed to be interested in all the Shares held by Suzhou Heyang by virtue of the SFO.

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(b) Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

(i) Interests of Substantial Shareholders in Our Company

Save as disclosed in “Substantial Shareholders” of this document, our Directors are not aware of any other person who will, immediately following the [REDACTED], have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

(ii) Interests of Substantial Shareholders in Members of Our Group (Other Than Our Company)

So far as our Directors are aware, as of the Latest Practicable Date, the following person was interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group (other than our Company).

<u>Name of shareholder</u>	<u>Nature of interest</u>	<u>Name of member of our Group</u>	<u>Approximate percentage of shareholding</u>
Tag Interconnect, LLC	Beneficial owner	UIG America	10%
Jeffrey Tamasi ⁽¹⁾	Interest in controlled corporation	UIG America	10%

Note:

- (1) Tag Interconnect, LLC is owned by Jeffrey Tamasi as to 100%. Thus, Jeffrey Tamasi is deemed to be interested in the shareholding interest in UIG America held by Tag Interconnect, LLC by virtue of the SFO.

2. Service Contracts

We have entered into a contract with each of our Directors in respect of, among other things, compliance with relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Each of our Directors [has entered] into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of [three] years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders’ approval.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and “Appendix I — Accountants’ Report — II. Notes to the Historical Financial Information — 8. Directors’ Remuneration,” for the years ended December 31, 2023, 2024 and 2025, none of our Directors received other remunerations or benefits in kind from us.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

4. Agency Fees or Commissions Received

Save as disclosed in this document, none of the Directors or any of the persons whose names are listed under “— D. Other Information — 6. Consents of Experts” had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this document.

5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or any of the experts referred to under “— D. Other Information — 5. Qualifications of Experts” has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group;
- (c) taking no account of Shares which may be taken up under the [REDACTED], none of our Directors or chief executive is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED], have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (d) so far as is known to our Directors, none of our Directors or their respective associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

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3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Hong Kong Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules, and the Joint Sponsors will receive an aggregate fee of approximately HK\$5.14 million to act as the sponsors to our Company in connection with the [REDACTED].

4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualifications
Guotai Junan Capital Limited	Licensed to conduct Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
China Securities (International) Corporate Finance Company Limited .	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
C&T Partners	PRC legal advisors to the Company
Beijing Jingtian & Gongcheng Law Firm	PRC legal advisors to the Company as to PRC data compliance laws
Commerce & Finance Law Offices LLP	Legal advisors to the Company as to the International Sanction Law
Ernst & Young	Certified Public Accountants Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Ernst & Young (China) Advisory Limited	Transfer pricing consultant
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

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6. Consents of Experts

Each of Guotai Junan Capital Limited, China Securities (International) Corporate Finance Company Limited, C&T Partners, Beijing Jingtian & Gongcheng Law Firm, Commerce & Finance Law Offices LLP, Ernst & Young, Ernst & Young (China) Advisory Limited and Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. has given and has not withdrawn its respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

7. Taxation of Holders of H Shares

(1) *Hong Kong*

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(2) *Consultation with Professional Advisers*

Potential [REDACTED] in the [REDACTED] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or [REDACTED] in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, [REDACTED] in or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Except as otherwise disclosed in this document, our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since December 31, 2025 (being the date to which the latest consolidated financial statements of our Company were prepared).

9. Compliance Advisor

We have appointed Sunny Fortune Capital Limited as our compliance advisor effective upon the [REDACTED] in compliance with Rules 3A.19 of the Listing Rules.

10. Promoters

Save as disclosed in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [REDACTED] and the related transactions described in this document.

11. Restrictions on Repurchase

For details of the restrictions on the share repurchase by our Company, see “Regulatory Overview” and “Appendix III — Summary of Articles of Association.”

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

12. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

14. Miscellaneous

Save as otherwise disclosed in this document:

- (a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;
- (b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) our Company has no outstanding convertible debt securities or debentures;
- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (g) save for our A Shares which are listed on the STAR Market, our Company is not presently listed on any stock exchange or traded on any trading system; and
- (h) our Company is a joint stock company with limited liability and is subject to the PRC Company Law.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND ON DISPLAY

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) a copy of each of the material contract referred to in the paragraph headed “Appendix IV — Statutory and General Information — B. Further Information about the Business of Our Company — 1. Summary of Material Contract” in this document; and
- (ii) the written consents referred to in the paragraph headed “Appendix IV — Statutory and General Information — D. Other Information — 6. Consents of Experts” in this document.

B. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at www.uigreen.com and on the website of the Stock Exchange at www.hkexnews.com up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the accountants’ report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;
- (c) the audit consolidated financial statements of our Group for the financial years ended December 31, 2023, 2024 and 2025;
- (d) the report prepared by Ernst & Young on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;
- (e) the industry report issued by Frost & Sullivan referred to in the section headed “Industry Overview” in this document;
- (f) the legal opinions issued by C&T Partners, our PRC Legal Advisors in respect of certain aspects of our Group and our property interests in the PRC;
- (g) the legal opinions issued by Beijing Jingtian & Gongcheng Law Firm, our PRC Data Compliance Legal Advisors in respect of PRC data compliance laws;
- (h) the international sanctions legal opinion issued by Commerce & Finance Law Offices LLP, our legal advisors as to International Sanction Law;
- (i) the transfer pricing report issued by Ernst & Young (China) Advisory Limited, our transfer pricing consultant;
- (j) the service contracts between each of the Directors and the Company referred to in “Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Service Contracts” in this document;

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**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND ON DISPLAY**

- (k) the material contract referred to in “Appendix IV — Statutory and General Information — B. Further Information About the Business of Our Company — 1. Summary of Material Contract” in this document;
- (l) the written consents referred to in “Appendix IV — Statutory and General Information — D. Other Information — 6. Consents of Experts” in this document; and
- (m) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures together with their unofficial English translation.