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

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business," and elsewhere in this document. For further details, see "Forward-Looking Statements."

OVERVIEW

We specialize in developing high-precision spatial sensing solutions, with demonstrated expertise in intelligent robotics applications. Leveraging AI technologies, we build intelligent spatial sensing systems and provide high-precision algorithms and hardware for intelligent robots. According to CIC, we are the No. 1 player in the global spatial sensing solutions for robot vacuums by 2024 revenue, and maintain our No. 1 position specifically in LiDAR products for robot vacuums across both revenue and shipment volume in 2024, with a shipment volume of approximately eight million units and a market share of over 50% by shipment volume. Since inception, our cumulative shipment volume has surpassed 33 million units. In 2025, the total shipments of LiDAR and line laser sensors exceeded ten million units and five million units, respectively. This remarkable trajectory underscores our market position in spatial sensing technology and validates the strong demand for our innovative solutions across the rapidly expanding intelligent robotics sector.

During the Track Record Period, we have experienced revenue growth, growing from RMB332.1 million in 2023 to RMB613.5 million in 2025 at a CAGR of 35.9%.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("**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 us in the preparation of the historical financial information throughout the Track Record Period.

Our historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each period of the Track Record Period. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated. For details, see Note 2.1 to the Accountants' Report set out in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of key factors, including the following:

The Growth of The Intelligent Robot and Other Intelligent Devices Markets

As an established provider of high-precision and spatial sensing solutions for intelligent robots, our financial performance and future growth are affected by both macroeconomic conditions and the development trajectory of our core end markets, particularly the intelligent robot market. Advancements in AI algorithms, multi-sensor fusion and edge computing are driving significant improvements in spatial sensing systems, while supply chain maturation and supportive government policies worldwide are accelerating the transformation of various industries through intelligent robot adoption. According to CIC, the global market for spatial sensing solutions in intelligent robots reached RMB26.0 billion in 2024 and is projected to expand at a CAGR of 20.2% to reach RMB78.6 billion by 2030. China's corresponding market was RMB10.8 billion in 2024 and is expected to experience rapid growth at a CAGR of 22.0%, reaching RMB35.7 billion by 2030. Beyond intelligent robots, we are also strategically expanding into other intelligent device markets, such as VR/AR devices. The global market for spatial sensing solutions in intelligent devices was RMB16.1 billion in 2024 and is expected to grow at a CAGR of 17.7% to reach RMB42.7 billion by 2030. The growth of these emerging markets and our ability to capitalize on market opportunities are critical for our future revenue scale and growth rate.

Our Ability to Maintain Technology Expertise and Enhance Our Product Portfolio

Our revenue growth and competitive positioning depend on our ability to maintain and strengthen our technology expertise, as well as develop new and upgraded products and solutions. We have established a unified technological platform that enables us to efficiently address evolving market requirements across multiple application scenarios. Leveraging such technological capabilities, we have achieved significant progress in new product development, with multiple business segments successfully commercializing. Our line laser sensors began large-scale commercial production in the second half of 2024, with cumulative shipments approximately 6.4 million units by December 31, 2025. We are also actively expanding into yard robots, pool-cleaning robots and humanoid robots, demonstrating our ability to adapt our core technology across diverse applications.

As the intelligent robot industry continues to expand across household, service, industrial, and logistics applications, consumer preferences are evolving toward more sophisticated features including sensor fusion, AI-enabled functionality and integrated hardware-software capabilities. Our established technological foundation and proven ability to commercialize innovative solutions position us well to address these market trends. By continuing to develop and adapt our solutions for diverse applications, we believe we can maintain our market competitiveness and drive sustained growth.

Our Ability to Deepen Relationships with Existing Customers and Expand Customer Base

Our business growth depends on our ability to deepen our relationship with existing customers and acquire new customers. We have established a market-leading position in intelligent robotics spatial sensing technology, serving all five largest market players in the robot vacuum industry. Our deep technical expertise and ability to meet the sophisticated needs of industry leaders have enabled us to build and maintain strong strategic partnerships with these key customers. This is reflected in our revenue concentration, where our five largest customers in each year during the Track Record Period accounted for RMB310.8 million, RMB386.5 million and RMB493.2 million for the years ended December 31, 2023, 2024 and 2025, representing 93.6%, 89.2% and 80.4% of our total revenue, respectively. While this represents a high customer concentration, it demonstrates our success in positioning ourselves as a critical technology partner to the industry's most influential players.

Complementing our success with existing customers, we are actively expanding into new customer segments in high-value markets such as XR, industrial inspection, medical devices and 3D printing. Our track record of successfully developing and deploying customized solutions for leading robot companies has proven instrumental in establishing relationships with industry leaders in these new sectors. For example, we are working to secure partnerships with key players in the medical devices sector and leading manufacturers of humanoid robots. We believe this dual approach of deepening existing relationships while actively expanding into new markets positions us well for sustainable growth while gradually reducing our customer concentration.

Our Cost Structure and Product Mix

Our profitability is significantly influenced by the mix of products we sell and their respective cost structures. Our cost of sales, consisting primarily of raw material and labor costs, is subject to fluctuations that directly impact our gross profit margin. Our gross profit margin was 21.5%, 16.3% and 16.5% for the years ended December 31, 2023, 2024 and 2025, respectively. The fluctuation in our gross profit margin was primarily due to (i) the expansion of our product offerings as we introduced dTOF LiDAR products and line laser sensor products during the Track Record Period that have not yet achieved optimal production efficiency, and (ii) our sales and marketing initiatives to capture a larger market share. We expect our product mix and cost structure to remain key drivers of our financial performance. The pricing trends of parts, components and other supplies used in our production, along with our ongoing supply chain optimization efforts, will continue to play an important role in determining our overall profitability.

Our Ability to Improve Operating Efficiency

Our operating expenses consist primarily of research and development costs, selling and marketing expenses and administrative expenses. During the Track Record Period, these expenses as a percentage of revenue have shown an improving trend. Our research and development costs as a percentage of revenue were 16.4% in 2023 and 17.7% in 2024, and decreased to 9.7% in 2025. Similarly, our administrative expenses as a percentage of revenue improved from 6.5% in 2023 to 5.9% in 2024, and increased to 6.5% in 2025. Selling and marketing expenses as a percentage of revenue have also decreased from 1.8% in 2023 to 1.3% in 2024 and 0.9% in 2025.

While we expect the absolute amounts of our research and development costs, selling and marketing expenses and administrative expenses will continue to increase along with our business growth in the future, we are constantly improving our operating efficiency in various aspects. We are continuously striving to optimize our operational efficiency, especially in relation to our workforce management as well as R&D processes. In addition, as we ramp up the sales of our products and solutions, we expect to achieve greater economies of scale such that our operating expenses as a percentage of our total revenue will continue to decrease.

Seasonality

Our results of operations are affected by seasonal fluctuations in the demand for our products, as impacted by the market trends of the consumer-grade intelligent robots. In particular, due to the impacts of the public holidays such as the Spring Festival and the stocking and sales cycles of customers before or around holidays, we typically experience higher sales in the second and fourth quarters during the year. These seasonal fluctuations may render our results of operations in certain given periods not indicative of our results of operations for the full year. As we continue to enrich our product portfolio and expand into other high-value sectors and application scenarios, we expect to reduce the impact of seasonality with this increased diversity.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ESTIMATES AND JUDGMENT

Our material accounting policies are important for understanding our financial condition and results of operations. The preparation of our historical financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could require a material adjustment to the carrying amounts of the affected assets or liabilities in the future. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions and expectations regarding the future. Since the use of judgments and estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. The material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Note 2.3 and Note 3 to the Accountants' Report in Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*% of revenue*	*Amount*	*% of revenue*	*Amount*	*% of revenue*
	(RMB in thousands, except for percentage)					
Revenue	332,107	100.0	433,324	100.0	613,523	100.0
Cost of sales	(260,852)	(78.5)	(362,483)	(83.7)	(512,534)	(83.5)
Gross profit	**71,255**	**21.5**	**70,841**	**16.3**	**100,989**	**16.5**
Other income and gains	10,812	3.3	9,415	2.2	7,228	1.2
Selling and marketing expenses	(5,861)	(1.8)	(5,600)	(1.3)	(5,230)	(0.9)
Administrative expenses	(21,620)	(6.5)	(25,497)	(5.9)	(39,987)	(6.5)
Research and development costs	(54,619)	(16.4)	(76,695)	(17.7)	(59,367)	(9.7)
Reversal of impairment losses on financial assets, net	281	0.1	15	0.0	21	0.0
Other expenses	(198)	(0.1)	(2,926)	(0.7)	(761)	(0.1)
Finance costs	(933)	(0.3)	(913)	(0.2)	(692)	(0.1)
(Loss)/profit before tax	**(883)**	**(0.3)**	**(31,360)**	**(7.2)**	**2,201**	**0.4**
Income tax expense	–	–	(15)	(0.0)	–	–
(Loss)/profit for the year	**(883)**	**(0.3)**	**(31,375)**	**(7.2)**	**2,201**	**0.4**

Revenue

Revenue by Products and Solutions

During the Track Record Period, we primarily derived revenue from the sales of our various LiDAR products and line laser sensor products. The table below sets forth our revenue breakdown by products and solutions in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Products	**330,270**	**99.4**	**433,273**	**100.0**	**611,004**	**99.6**
– Triangulation LiDAR	326,602	98.3	407,618	94.1	403,254	65.7
– dTOF LiDAR	–	–	4,199	1.0	65,032	10.6
– Line laser sensor	–	–	19,313	4.5	133,794	21.8
– Others(1)	3,668	1.1	2,143	0.5	8,924	1.5
Development services(2)	**1,837**	**0.6**	**51**	**0.0**	**2,519**	**0.4**
Total	**332,107**	**100.0**	**433,324**	**100.0**	**613,523**	**100.0**

Notes:

(1) Primarily include 3D spatial sensing solutions, robotics testing solutions and XR solutions.

(2) During the Track Record Period, we also provided development services in the form of solution design for our XR solutions. These development services are primarily provided to major customers through direct bilateral agreements between us and the customer, with no intermediaries involved. Our pricing model for these development services follows a cost-plus approach, where we charge based on the development costs incurred plus a service fee.

We experienced strong revenue growth during the Track Record Period, primarily due to (i) the robust growth in the downstream intelligent robot industry, fueling market demand for our LiDAR products, and (ii) our sustained product development efforts, which enhanced product performance and functionality and facilitated an expansion of our customer base.

The table below sets forth the breakdown of the shipment volume and average selling price by products and solutions, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Shipment volume (thousand units)	*Average selling price (RMB per unit)*	*Shipment volume (thousand units)*	*Average selling price (RMB per unit)*	*Shipment volume (thousand units)*	*Average selling price (RMB per unit)*
Triangulation LiDAR	4,760.1	68.6	7,849.9	51.9	9,312.7	43.3
dTOF LiDAR	–	–	52.3	80.3	1,156.2	56.2
Line laser sensor	–	–	752.2	25.7	5,657.5	23.6
Others	27.3	134.3	16.7	128.2	93.2	95.8

The shipment volume of our triangulation LiDAR products increased consistently throughout the Track Record Period, from 4,760.1 thousand units in 2023 to 7,849.9 thousand units in 2024, further to 9,312.7 thousand units in 2025. The increase was primarily due to (i) the robust growth in the downstream intelligent robot industry, which boosted demand for our triangulation LiDAR products, and (ii) the expansion of our customer base. The average selling price of our triangulation LiDAR products decreased from RMB68.6 per unit in 2023 to RMB51.9 per unit in 2024, and further to RMB43.3 per unit in 2025, primarily due to (i) a decrease in per-unit cost as we benefited from economies of scale and improved production efficiency, and (ii) a change in product mix within our triangulation LiDAR products, with an increased share of our revenue generated from certain triangulation LiDAR products with competitive pricing aimed at expanding our market share and establishing a more robust competitive advantage.

We commenced the commercial launch of our dTOF LiDAR products in the second half of 2024. The shipment volume of our dTOF LiDAR products reached 52.3 thousand units in 2024 and 1,156.2 thousand units in 2025, which demonstrated growing market recognition and adoption. The average selling price of our dTOF LiDAR products was RMB80.3 per unit in 2024 and RMB56.2 per unit in 2025. The decrease in average selling price was primarily attributable to reduced per-unit costs resulting from improved production efficiency and production yield, notwithstanding that we were still in the ramp-up phase.

Our line laser sensor products were commercially launched in the first half of 2024. The shipment volume of our line laser sensor products increased from 752.2 thousand units to 5,657.5 thousand units in 2025, primarily as a result of increased customer adoption. The average selling price of our line laser sensor products decreased slightly from RMB25.7 per unit in 2024 to RMB23.6 per unit in 2025, primarily attributable to reduced per-unit costs resulting from improved production efficiency, which was achieved through economies of scale as production volume increased.

Revenue by Downstream Application

The table below sets forth our revenue breakdown by downstream application in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Products	**330,270**	**99.4**	**433,273**	**100.0**	**611,004**	**99.6**
Robot vacuums	325,975	98.2	431,112	99.5	610,180	99.5
Intelligent devices	4,295	1.3	2,161	0.5	824	0.1
Development services	**1,837**	**0.6**	**51**	**0.0**	**2,519**	**0.4**
Total	**332,107**	**100.0**	**433,324**	**100.0**	**613,523**	**100.0**

During the Track Record Period, revenue from products applied to robot vacuums increased consistently, from RMB326.0 million in 2023 to RMB431.1 million in 2024, and further to RMB610.2 million in 2025. The growth was primarily attributable to (i) the robust market expansion and increasing penetration rate of robot vacuums, and (ii) our sustained product development efforts, which enhanced product performance and functionality and facilitated the expansion of our customer base.

Our products applied to intelligent devices were primarily XR solutions during the Track Record Period. Revenue from products applied to intelligent devices decreased from RMB4.3 million in 2023 to RMB2.2 million in 2024, and further to RMB0.8 million in 2025, primarily due to evolving market conditions in the metaverse industry, which resulted in more cautious procurement strategies and extended purchasing cycles for XR solutions among customers.

The table below sets forth the breakdown of the shipment volume and average selling price by downstream application, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Shipment volume (thousand units)	*Average selling price (RMB per unit)*	*Shipment volume (thousand units)*	*Average selling price (RMB per unit)*	*Shipment volume (thousand units)*	*Average selling price (RMB per unit)*
Robot vacuums						
Triangulation LiDAR	4,749.8	68.8	7,849.6	51.9	9,303.1	43.3
dTOF LiDAR	–	–	52.3	80.3	1,156.2	56.2
Line laser sensor	–	–	752.2	25.7	5,657.3	23.6
Others	–	–	–	–	87.0	98.2
Intelligent devices						
Triangulation LiDAR	10.3	66.3	0.3	64.6	9.6	45.2
Line laser sensor	–	–	–	–	0.2	29.5
Others	27.3	132.2	16.7	128.2	6.2	61.9

During the Track Record Period, a majority of our products were applied to robot vacuums. The shipment of our products applied to intelligent devices fluctuated during the Track Record Period, primarily due to changes in demand from downstream customers.

The average selling prices of our products applied to intelligent devices are typically higher than those of our products applied to robot vacuums, primarily because (i) the product mix differs, with products applied to intelligent devices — particularly XR solutions — commanding higher selling prices due to the incorporation of more advanced technology and complex features, and (ii) we have not yet achieved large-scale shipments of products applied to intelligent devices, resulting in relatively higher unit costs due to lower economies of scale.

Cost of Sales

Our cost of sales primarily consists of raw material costs, labor costs manufacturing overhead costs and outsourced processing costs. The table below sets forth the breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Raw material costs	198,299	76.0	282,174	77.8	379,226	74.0
Labor costs	39,946	15.3	56,680	15.6	92,541	18.0
Manufacturing overhead	9,608	3.7	15,372	4.2	25,631	5.0
Outsourced processing costs	12,999	5.0	8,257	2.3	15,136	3.0
Total	**260,852**	**100.0**	**362,483**	**100.0**	**512,534**	**100.0**

Gross Profit and Gross Profit Margin

Gross Profit and Gross Profit Margin by Products and Solutions

The table below sets forth our gross profit both in absolute amounts and gross profit margin, by products and solutions 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 in thousands, except for percentages)					
Products	**70,368**	**21.3**	**70,820**	**16.3**	**99,718**	**16.3**
– Triangulation LiDAR	68,600	21.0	73,102	17.9	75,147	18.6
– dTOF LiDAR	–	–	(1,376)	(32.8)	4,526	7.0
– Line laser sensor	–	–	(1,173)	(6.1)	18,174	13.6
– Others(1)	1,767	48.2	268	12.5	1,871	21.0
Development services(2)	**887**	**48.3**	**21**	**40.9**	**1,271**	**50.5**
Total	**71,255**	**21.5**	**70,841**	**16.3**	**100,989**	**16.5**

Notes:

(1) Primarily include 3D spatial sensing solutions, robotics testing solutions and XR solutions.

(2) During the Track Record Period, we also provided development services in the form of solution design for our XR solutions.

Our gross profit and gross profit margin fluctuated during the Track Record Period. Our gross profit amounted to RMB71.3 million, RMB70.8 million and RMB101.0 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 21.5%, 16.3% and 16.5% in 2023, 2024 and 2025, respectively. The fluctuation was primarily due to (i) the expansion of our product offerings as we introduced dTOF LiDAR products and line laser sensor products during the Track Record Period that have not yet achieved optimal production efficiency, and (ii) our sales and marketing initiatives to capture a larger market share.

Gross Profit and Gross Profit Margin by Downstream Application

The table below sets forth our gross profit both in absolute amounts and gross profit margin, by downstream application 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 (%)*
Products	**70,368**	**21.3**	**70,820**	**16.3**	**99,718**	**16.3**
Robot vacuums	68,327	21.0	70,462	16.3	99,270	16.3
Intelligent devices	2,041	47.5	358	16.6	448	54.4
Development services	**887**	**48.3**	**21**	**40.9**	**1,271**	**50.5**
Total	**71,255**	**21.5**	**70,841**	**16.3**	**100,989**	**16.5**

The gross profit from products applied to robot vacuums increased from RMB68.3 million in 2023 to RMB70.5 million in 2024, and further to RMB99.3 million in 2025. The increase was in line with our continued sales growth. The gross profit margin of products applied to robot vacuums decreased from 21.0% in 2023 to 16.3% in 2024, primarily due to the introduction of new products, including line laser sensors and dTOF LiDAR products,which have not yet achieved economies of scale and consequently generated lower profit margins. Our gross margin of products applied to robot vacuums remained at 16.3% in 2025.

The gross profit from products applied to intelligent devices amounted to RMB2.0 million, RMB0.4 million and RMB0.4 million in 2023, 2024 and 2025, respectively. The gross profit margin decreased from 47.5% in 2023 to 16.6% in 2024, and increased to 54.4% in 2025, primarily reflecting changes in product mix and shipment volume, which affected overall pricing and per-unit costs.

Other Income and gains

Our other income and gains primarily consist of (i) government grants, including value added tax ("**VAT**") refund, and (ii) investment income from financial assets. The table below sets forth the breakdown of our other income and gains for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other income			
Government grants	5,056	4,223	4,765
Bank interest income	1,732	1,354	719
Investment income from financial assets	973	1,001	550
Others	1,888	1,588	740
	9,649	8,166	6,774
Gains			
Fair value gains on financial assets at fair value through profit or loss	1,163	1,249	454
	1,163	1,249	454
Total	**10,812**	**9,415**	**7,228**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee benefit expenses and (ii) travel and business development expenses. The table below sets forth the breakdown of our selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	4,617	78.7	4,522	80.8	4,366	83.5
Travel and business development expenses	879	15.0	699	12.5	421	8.0
Marketing expenses	128	2.2	176	3.1	153	2.9
Others[(1)]	237	4.1	203	3.6	290	5.6
Total	**5,861**	**100.0**	**5,600**	**100.0**	**5,230**	**100.0**

Note:

(1) Primarily include miscellaneous expenses and depreciation and amortization of leased premises used for selling and marketing activities.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses, (ii) professional service fees, mainly comprising consulting and other service fees incurred in the course of our business and (iii) depreciation and amortization. The table below sets forth a breakdown of the components of our general and administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	13,126	60.7	16,145	63.4	18,235	45.6
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Professional service fees	4,167	19.3	2,198	8.6	1,127	2.8
Depreciation and amortization	876	4.1	1,334	5.2	1,307	3.3
Rent and renovation expenses	430	2.0	1,571	6.2	1,497	3.7
Office expenses	506	2.3	949	3.7	501	1.3
Others[1]	2,515	11.6	3,300	12.9	2,167	5.4
Total	**21,620**	**100.0**	**25,497**	**100.0**	**39,987**	**100.0**

Note:

(1) Primarily include utilities, maintenance fees and low-value consumables for office use.

Research and Development Costs

Our research and development costs primarily consist of (i) employee benefit expense and (ii) material consumption for product development and testing. The table below sets forth a breakdown of our research and development costs for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	43,458	79.6	61,519	80.2	44,225	74.5
Material consumption	5,864	10.7	9,588	12.5	10,613	17.9
Depreciation and amortization	972	1.8	1,281	1.7	1,556	2.6
Travel expenses	473	0.9	827	1.1	1,006	1.7
R&D support expenses	3,180	5.8	2,029	2.6	1,162	2.0
Others	672	1.2	1,451	1.9	805	1.4
Total	**54,619**	**100.0**	**76,695**	**100.0**	**59,367**	**100.0**

Reversal of Impairment Losses on Financial Assets, Net

Our net reversal of impairment losses on financial assets primarily represent the net provision and reversal of impairment losses on our trade receivables. We recorded net reversal of impairment losses on financial assets of RMB0.3 million, RMB15.0 thousand and RMB21.0 thousand in 2023, 2024 and 2025, respectively.

Other Expenses

Our other expenses primarily consist of expenses associated with the early termination of certain operating leases and the amortization of such leasehold improvements. We incurred other expenses of RMB0.2 million, RMB2.9 million and RMB0.8 million in 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs primarily consist of interest expenses on bank borrowings and lease liabilities. We had finance costs of RMB0.9 million, RMB0.9 million and RMB0.7 million, respectively.

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. The provision for corporate income tax in the Chinese Mainland is based on the statutory rate of 25% of the assessable profits, in accordance with the PRC Income Tax Law and the respective regulations which were approved and became effective on January 1, 2008.

Our Company was qualified as a high and new technology enterprise ("HNTE") and was subject to income tax at a preferential tax rate of 15% during the Track Record Period. The qualification as a HNTE is subject to review by the relevant tax authority in the PRC every three years. Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, while the subsidiary which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of the subsidiary was taxed at 8.25% and the remaining assessable profits are taxed at 16.5% during each period during the Track Record Period.

We had income tax credit of nil in 2023, and income tax expense of RMB15 thousand in 2024. We did not record income tax expense in 2025. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or unresolved tax issues with the relevant tax authorities.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 41.6% from RMB433.3 million in 2024 to RMB613.5 million in 2025, primarily due to the increased sales of our dTOF LiDAR and line laser sensor products as we further expanded our customer base. Specifically:

- Revenue from triangulation LiDAR products remained relatively stable at RMB407.6 million and RMB403.2 million in 2024 and 2025, while the shipment volume of our triangulation LiDAR products increased by 18.6% from 7,849.9 thousand units in 2024 to 9,312.7 thousand units in 2025, which primarily reflected the decreased unit selling price driven by our continuous improvement of triangulation LiDAR products.
- Following the successful commercial launch of our dTOF LiDAR products in the second half of 2024, they quickly gained market recognition and adoption. Our sales of dTOF LiDAR products contributed revenue of RMB65.0 million in 2025, as compared to RMB4.2 million in 2024.
- Revenue from line laser sensor products increased significantly from RMB19.3 million in 2024 to RMB133.8 million in 2025, primarily due to increased customer adoption following our commencement of mass production, which drove shipment of our line laser sensor products to exceed five million units in 2025.

Cost of sales

Our cost of sales increased by 41.4% from RMB362.5 million in 2024 to RMB512.5 million in 2025. The increase was generally in line with the increase in our revenue, and was primarily driven by the increase in product sales volume. Specifically, our labor costs increased from RMB56.7 million in 2024 to RMB92.5 million in 2025, primarily due to the surge in order volume we received during the 2025 Spring Festival, which required us to hire temporary workers at higher wages.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 42.6% from RMB70.8 million in 2024 to RMB101.0 million in 2025.

Our gross profit margin slightly increased from 16.3% in 2024 to 16.5% in 2025. Specifically:

- The gross profit margin of our triangulation LiDAR products increased from 17.9% in 2024 to 18.6% in 2025, primarily reflecting improved unit economics driven by higher production scale and efficiency, partially offset by the competitive pricing of our triangulation LiDAR products sold.
- The gross profit margin of our dTOF LiDAR products improved from a negative gross margin of 32.8% in 2024 to a gross profit margin of 7.0% in 2025, primarily because these products were in the early ramp-up stage following their launch in the second half of 2024 and in 2025, we achieved improved production efficiency as shipment volume increased.
- The gross margin of our line laser sensor products improved from a negative gross margin of 6.1% in 2024 to a gross profit margin of 13.6% in 2025, primarily due to our improved production efficiency, benefiting from the economies of scale achieved through increased production volume.

Other Income and gains

Our other income and gains decreased by 23.2% from RMB9.4 million in 2024 to RMB7.2 million in 2025, primarily due to a decrease in fair value gains recognized on financial assets at fair value through profit or loss, which was mainly attributable to changes in the market performance of our wealth management products and structured deposits during the year.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB5.6 million and RMB5.2 million in 2024 and 2025, respectively.

Administrative Expenses

Our administrative expenses increased by 56.8% from RMB25.5 million in 2024 to RMB40.0 million in 2025, primarily due to the [**REDACTED**] incurred in 2025.

Research and Development Costs

Our research and development costs decreased by 22.6% from RMB76.7 million in 2024 to RMB59.4 million in 2025, primarily due to the improved R&D efficiency driven by application of AI tools.

Reversal of Impairment Losses on Financial Assets, Net

We recorded net reversal of impairment losses on financial assets of RMB15 thousand and RMB21 thousand in 2024 and 2025, respectively, primarily due to our continuous improvement of receivable management, leading to effective payment collection.

Other Expenses

Our other expenses decreased from RMB2.9 million in 2024 to RMB0.8 million in 2025, primarily due to our early termination of certain leases in 2024 following the completion of the construction of our Huizhou production base, resulting in expenses related to the forfeiture of deposits and the amortization of the renovation costs, which largely did not recur in 2025.

Finance Costs

Our finance costs decreased from RMB0.9 million in 2024 to RMB0.7 million in 2025, primarily due to a decrease in interest expenses on bank borrowings following repayments made.

Loss for the Year

As a result of the foregoing, while we incurred loss of RMB31.4 million in 2024, we recorded profit of RMB2.2 million in 2025.

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

Revenue

Our revenue increased by 30.5% from RMB332.1 million in 2023 to RMB433.3 million in 2024, primarily due to (i) the increase in the shipment volume of our triangulation LiDAR products, by 64.9% from 4,760.1 thousand units in 2023 to 7,849.9 thousand units in 2024, driven by the commencement of mass production and delivery of certain products in collaboration with major partners in the intelligent robot industry, and (ii) the launch of our dTOF LiDAR products and line laser sensor products in 2024.

Cost of sales

Our cost of sales increased by 39.0% from RMB260.9 million in 2023 to RMB362.5 million in 2024. The increase was generally in line with the increase in our revenue, primarily caused by the increase in the sales volume of our LiDAR products. As our Huizhou production base commenced operation in 2024, the outsourced processing costs decreased from RMB13.0 million in 2023 to RMB8.3 million in 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit remained relatively stable at RMB71.3 million in 2023 and RMB70.8 million in 2024.

Our gross profit margin decreased from 21.5% in 2023 to 16.3% in 2024, primarily because (i) we implemented certain sales and marketing initiatives aimed at enhancing the market share of our triangulation LiDAR products, and (ii) we recorded negative gross margins for our newly launched dTOF LiDAR products and line laser sensor products, as these newly launched products were still in the ramp-up phase and had not yet achieved optimal production efficiency.

Other Incomes and gains

Our other incomes and gains decreased by 12.9% from RMB10.8 million in 2023 to RMB9.4 million in 2024, primarily due to a decrease in government grants.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB5.9 million in 2023 and RMB5.6 million in 2024.

Administrative Expenses

Our administrative expenses increased by 17.9% from RMB21.6 million in 2023 to RMB25.5 million in 2024, primarily due to (i) an increase in employee benefit expenses attributable to the increase in administrative personnel to support expanding business scale and compensation policy adjustment, and (ii) an increase in rent and renovation expenses as we leased properties for our Huizhou production base.

Research and Development Costs

Our research and development costs increased by 40.4% from RMB54.6 million in 2023 to RMB76.7 million in 2024, primarily due to (i) an increase in employee benefit expenses attributable to the strategic expansion of our R&D team and (ii) an increase in material consumption attributable to our intensified development initiatives for our LiDAR products and new application-specific solutions, leading to launches of new products in 2024.

Reversal of Impairment Losses on Financial Assets, Net

We recorded net reversal of impairment losses on financial assets of RMB0.3 million in 2023 and RMB15 thousand in 2024, primarily due to our collection of outstanding trade receivables from certain customers.

Other Expenses

Our other expenses increased from RMB0.2 million in 2023 to RMB2.9 million in 2024, primarily due to the relocation of certain production lines to Huizhou in the second half of 2024, which resulted in (i) expenses from early lease terminations, including forfeited deposits and amortization of renovation costs, and (ii) impairment losses on specialized equipment for certain production lines.

Finance Costs

Our finance costs remained stable at RMB0.9 million and RMB0.9 million in 2023 and 2024, respectively.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB0.9 million in 2023 to RMB31.4 million in 2024.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Non-Current Assets			
Property, plant and equipment	19,217	48,165	53,618
Intangible assets	1,074	727	906
Right-of-use assets	12,472	15,312	15,145
Prepayments, other receivables and other assets	43,753	3,311	1,611
Total non-current assets	**76,516**	**67,515**	**71,280**
Current Assets			
Inventories	27,208	52,852	59,138
Trade and bills receivables	74,413	137,923	185,726
Prepayments, other receivables and other assets	7,644	29,265	11,230
Financial assets at fair value through other comprehensive income	35,177	25,605	20,449
Financial assets at fair value through profit or loss	100,267	65,146	123,645
Cash and cash equivalents	15,109	29,608	12,123
Total current assets	**259,818**	**340,399**	**412,311**

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current Liabilities			
Trade payables	44,886	85,779	102,257
Other payables and accruals	17,271	25,819	23,704
Contract liabilities	1,191	1,520	1,313
Interest-bearing bank borrowings	10,000	–	10,000
Lease liabilities	4,161	4,291	6,971
Total current liabilities	**77,509**	**117,409**	**144,245**
Net Current Assets	**182,309**	**222,990**	**268,066**
Total Assets Less Current Liabilities	**258,825**	**290,505**	**339,346**
Non-Current Liabilities			
Lease liabilities	9,210	12,864	11,929
Deferred tax liabilities	–	15	15
Total non-current liabilities	**9,210**	**12,879**	**11,944**
Net Assets	**249,615**	**277,626**	**327,402**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) machinery, (ii) leasehold improvements and renovation costs and (iii) office and other equipment. The table below sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Machinery equipment	13,345	32,643	41,824
Leasehold improvements	3,708	13,203	10,112
Office and other equipment	2,164	1,926	1,391
Transportation equipment	–	393	291
Construction in progress	–	–	–
Total	**19,217**	**48,165**	**53,618**

Our property, plant and equipment increased from RMB19.2 million as of December 31, 2023 to RMB48.2 million as of December 31, 2024, primarily due to (i) our continued investments in automated production equipment and (ii) an increase in leasehold improvements and renovation costs for our Huizhou production base. As of December 31, 2025, our property, plant and equipment further increased to RMB53.6 million, primarily resulting from our ongoing investments in automated production equipment.

Right-of-use Assets

Our right-of-use assets primarily consist of leased properties. Our right-of-use assets increased from RMB12.5 million as of December 31, 2023 to RMB15.3 million as of December 31, 2024, primarily due to the increase in our leased properties. Our right-of-use assets decreased to RMB15.1 million as of December 31, 2025, primarily due to depreciation and termination of certain lease agreements.

Prepayments, Other Receivables and Other Assets

The table below sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Non-current			
Prepayments for property, plant and equipment	1,777	3,311	1,611
Time deposits	41,976	–	–
	43,753	3,311	1,611
Current			
Time deposits	–	21,303	–
Prepayments	4,554	3,229	1,695
Value-added tax recoverable	1,786	2,559	3,724
Capitalized [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other receivables	1,304	2,175	3,496
Provision for impairment	–	(1)	(1)
	7,644	**29,265**	**11,230**
Total	**51,397**	**32,576**	**12,841**

The non-current portion of our prepayments, other receivables and other assets decreased from RMB43.8 million as of December 31, 2023 to RMB3.3 million as of December 31, 2024, primarily as a result of the maturity and redemption of such deposit products. The non-current portion of our prepayments, other receivables and other assets remained relatively stable at RMB1.6 million as of December 31, 2025.

The current portion of our prepayments, other receivables and other assets increased from RMB7.6 million as of December 31, 2023 to RMB29.3 million as of December 31, 2024, primarily due to an increase in deposit products we purchased from banks in the Chinese Mainland with maturities between three months and one year. The current portion of our prepayments, other receivables and other assets decreased to RMB11.2 million as of December 31, 2025 primarily due to redemption of two large certificates of deposit products upon their maturity.

Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. The table below sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Raw materials	16,610	24,847	33,927
Finished goods	10,096	14,916	22,315
Work in progress	836	12,697	4,468
Contract cost	–	1,119	–
	27,542	**53,579**	**60,710**
Less: Provision for impairment loss	334	727	1,572
Total	**27,208**	**52,852**	**59,138**

Our inventories increased from RMB27.2 million as of December 31, 2023 to RMB52.9 million as of December 31, 2024 and further to RMB59.1 million as of December 31, 2025, primarily driven by our strategic inventory buildup to support continued business expansion.

We periodically assess impairment of inventories and typically recognize write-down of inventories when their carrying amount is lower than their net realizable value. Our provision for impairment loss on inventories was RMB0.3 million, RMB0.7 million and RMB1.6 million as of December 31, 2023, 2024 and 2025, respectively.

The aging analysis of our inventories based on invoice date as of the dates indicated is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within one year	27,010	52,664	58,549
Over one year	198	188	589
Total	**27,208**	**52,852**	**59,138**

The table below sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days(1)	33	40	39

Note:

(1) Calculated as the average of the beginning and ending balance of inventories for the year divided by the cost of sales for that year and multiplied by 360 days.

Our inventory turnover days increased from 33 days in 2023 to 40 days in 2024, primarily because we maintained a higher level of inventories for the production ramp-up of our new products. Our inventory turnover days remained relatively stable at 39 days in 2025.

As of February 28, 2026, RMB49.4 million, or approximately 83.6% of our inventories as of December 31, 2025 had been subsequently consumed or sold.

Trade and Bills Receivables

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	75,139	131,910	183,570
Bills receivables	–	6,058	2,180
Impairment	(726)	(45)	(24)
Total	**74,413**	**137,923**	**185,726**

Our trade and bills receivables increased from RMB74.4 million as of December 31, 2023 to RMB137.9 million as of December 31, 2024, and further to RMB185.7 million as of December 31, 2025, primarily due to our strong sales growth throughout the Track Record Period.

The table below sets forth our trade and bills receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days(1)	75	88	95

Note:

(1) Calculated as the average of the beginning and ending balance of trade and bills receivables for the year divided by the revenue for that year and multiplied by 360 days.

Our trade and bills receivables turnover days increased from 75 days in 2023 to 88 days in 2024, and further to 95 days in 2025, primarily reflecting the relatively longer credit term for certain key customers with strong credit profiles.

As of February 28, 2026, RMB91.6 million, or approximately 49.9% of our trade receivables as of December 31, 2025 had been subsequently collected.

Financial Assets at Fair Value Through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income represented bank acceptance bills received from customers pending endorsement and transfer to suppliers.

Our financial assets at fair value through other comprehensive income was RMB35.2 million, RMB25.6 million and RMB20.4 million as of December 31, 2023, 2024 and 2025, respectively. The changes in the balance of our financial assets at fair value through other comprehensive income primarily reflected the amount of bank acceptance bills received from customers for settlement, as well as the timing of subsequent transfers of these bills to suppliers.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss primarily consist of (i) wealth management products and (ii) structured deposits.

Our financial assets at fair value through profit or loss amounted to RMB100.3 million, RMB65.1 million and RMB123.6 million as of December 31, 2023, 2024 and 2025, respectively.

We have established a prudent investment policy and internal control framework for the management of our wealth management products and structured deposits, with a primary focus on capital preservation, liquidity and risk mitigation. Our investment strategy is designed to match the intended use and liquidity needs of our funds, ensuring that operational and surplus funds are directed toward appropriate low-risk financial instruments to optimize returns while maintaining flexibility. The management and execution of these investment activities are overseen by our chief financial officer, who possesses over 20 years of professional experience in financial management and holds relevant academic and professional qualifications. All investment decisions are subject to a robust internal approval process, which includes the preparation of investment plans by the finance department, multi-level review and approval by senior management and oversight by the Board. The Board is actively involved in supervising significant fund allocations, ensuring that all investments are conducted in strict compliance with our internal policies and corporate governance requirements. After the [**REDACTED**], our investments in the financial assets at fair value through profit or loss will be subject to Chapter 14 of the Listing Rules.

Trade Payables

Our trade payables primarily consist of payables for raw materials and contract manufacturing services. Our trade payables increased from RMB44.9 million as of December 31, 2023 to RMB85.8 million as of December 31, 2024, and further to RMB102.3 million as of December 31, 2025, primarily due to our increased procurement of raw materials and contract manufacturing services to support our expanded production volume and business growth.

The table below sets forth our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Trade payables turnover days(1) . . .	56	65	66

Note:

(1) Calculated as the average of the beginning and ending balance of trade payables for the year divided by the cost of sales for that year and multiplied by 360 days.

Our trade payables turnover days increased from 56 days in 2023 to 65 days in 2024, primarily due to our increased bargaining power to obtain more favorable credit terms from our suppliers. Our trade payables turnover days remained relatively stable at 66 days in 2025.

As of February 28, 2026, RMB55.1 million, or approximately 53.9% of our trade payables as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other tax payables	4,955	8,643	9,077
Payroll payables	10,560	12,927	7,260
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Accrued expense	598	762	930
Other payables	1,158	3,487	1,854
Total	**17,271**	**25,819**	**23,704**

Our other payables and accruals increased from RMB17.3 million as of December 31, 2023 to RMB25.8 million as of December 31, 2024, primarily due to (i) an increase in other tax payables, primarily resulting from increased tax obligations corresponding to our business expansion and (ii) an increase in payroll payables. Our other payables and accruals decreased to RMB23.7 million as of December 31, 2025, primarily due to the decrease in payroll payables as we implemented initiatives to optimize our workforce and enhance operational efficiency.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of raw material, research and development and sales activities, construction of our production facilities and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from equity financing, cash generated from our operations and bank borrowings. After the [**REDACTED**], we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and [**REDACTED**] from the [**REDACTED**]. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB15.1 million, RMB29.6 million and RMB12.1 million, respectively.

Cash Flows

The table below sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash used in operating activities	(34,831)	(39,987)	(9,038)
Net cash flows from/(used in) investing activities	12,397	20,451	(52,183)
Net cash flows from/(used in) financing activities	(767)	34,052	43,633
Net increase/(decrease) in cash and cash equivalents	(23,201)	14,516	(17,588)
Cash and cash equivalents at beginning of the year	38,304	15,109	29,608
Effect of foreign exchange rate changes, net	6	(17)	103
Cash and cash equivalents at end of the year	15,109	29,608	12,123

BUSINESS SUSTAINABILITY

During the Track Record Period, while we recorded net profit of RMB2.2 million in 2025, we incurred net losses of RMB0.9 million and RMB31.4 million in 2023 and 2024, respectively. Such net losses were primarily because we made significant research and development investments, with research and development costs increasing from RMB54.6 million in 2023 to RMB76.7 million in 2024. In 2025, we recorded net profit of RMB2.2 million, which was primarily driven by our strong revenue growth, supported by our strong operating and administrative efficiency.

During the Track Record Period, our overall gross profit margin decreased from 21.5% in 2023 to 16.3% in 2024, and slightly increased to 16.5% in 2025. The decrease in 2024 was primarily because we recorded negative gross margins for our newly launched dTOF LiDAR products and line laser sensor products, as these newly launched products were still in the ramp up phase and had not yet achieved optimal production efficiency. In 2025, the gross profit margin of our core products improved, reflecting lower unit production cost driven by higher production scale and improved efficiency as shipment volume increased. The gross profit margin of our triangulation LiDAR products increased from 17.9% in 2024 to 18.6% in 2025, while the gross profit margin of our dTOF LiDAR products improved from negative gross margin of 32.8% in 2024 to gross profit margin of 7.0% in 2025, and the gross margin of our line laser sensor products improved from negative gross margin of 6.1% in 2024 to gross profit margin of 13.6% in 2025.

In addition, as a result of the increases in our trade and bills receivables and inventories driven by our business expansion, as well as our net loss positions in 2023 and 2024, we recorded net cash used in operating activities in the amount of RMB34.8 million, and RMB40.0 million, respectively. In 2025, our operating cash flow improved significantly, with net cash used in operating activities decreasing to RMB9.0 million, primarily due to our improved profitability in 2025, partially offset by working capital requirements associated with our business growth.

As our R&D efforts are gradually paying off, we have been able to constantly launch new products. The significant R&D investments made in prior years have largely been expensed and are now translating into commercialized products that generate revenue. As these new products enter the market and contribute to our revenue growth, we expect our research and development costs as a percentage of revenue to gradually decline. This trend reflects the natural lifecycle of our R&D investments, where upfront development costs incurred during the product development phase are followed by revenue generation once products achieve commercial success. As a percentage of our revenue, our research and development costs have decreased from 16.4% and 17.7% in 2023 and 2024, and to 9.7% in 2025. The decreasing research and development cost ratio demonstrates improving operational leverage and the monetization of our historical R&D investments, while we continue to maintain appropriate R&D spending levels to support our long-term competitiveness. In addition, as our revenue continues to grow, our economies of scale have improved significantly, resulting in enhanced operational efficiency. Our administrative expenses, as a percentage of revenue, have demonstrated a consistent downward trend, decreasing from 6.5% in 2023 to 5.9% in 2024, and increased slightly to 6.5% in 2025, primarily due to non-recurring [**REDACTED**].

As a result of the above, our net loss margin increased from 0.3% in 2023 to 7.2% in 2024 due to intensified research and development efforts in developing new LiDAR products and application-specific solutions. In 2025, we reversed our net loss position and recorded net profit margin of 0.4%, primarily driven by revenue growth from increased adoption of our LiDAR products and the commercialization of our sustained R&D efforts. We expect to further improve our profitability as we realize returns on our research and development investments through new product launches, achieve greater economies of scale as production volumes increase, and continue to expand our market presence both by growing our market share as the leading spatial sensing solutions provider in the intelligent robot sector and by capturing emerging opportunities in the intelligent devices market. As our net loss position continue to improve, we also expect our operating cash outflow position to improve.

However, there is the possibility of continued losses due to increases in costs and expenses along with our business expansion, as well as our continuous investment in research and development. We may not be able to maintain profitability in the future. See "Risk

Factors — Risks Relating to Our Financial Condition and Need For Additional Capital — We incurred net losses during the Track Record Period, and we may not be able to maintain profitability in the future.”

Net Cash Used in Operating Activities

Net cash used in operating activities primarily comprised our loss or profit before tax for the year adjusted by (i) non-cash items, (ii) changes in working capital and (iii) interest received.

In 2025, we had net cash used in operating activities of RMB9.0 million, primarily reflecting profit before tax of RMB2.2 million, adjusted by non-cash and other items to arrive at an operating profit before working capital changes of RMB26.2 million. Our movements in working capital primarily reflect an increase in trade and bills receivables of RMB47.8 million, partially offset by (i) an increase in trade payables of RMB16.5 million and (ii) a decrease in financial assets at fair value through other comprehensive income of RMB5.2 million.

In 2024, we had net cash used in operating activities of RMB40.0 million, primarily reflecting loss before tax of RMB31.4 million, adjusted by non-cash and other items to arrive at an operating loss before working capital changes of RMB7.7 million. Our movements in working capital primarily reflect (i) an increase in trade and bills receivables of RMB63.5 million and (ii) a decrease in inventories of RMB26.3 million, partially offset by an increase in trade payables of RMB40.9 million.

In 2023, we had net cash used in operating activities of RMB34.8 million, primarily reflecting loss before tax of RMB0.9 million, adjusted by non-cash and other items to arrive at an operating profit before working capital changes of RMB11.2 million. Our movements in working capital primarily reflect (i) an increase in financial assets at fair value through other comprehensive income of RMB35.2 million and (ii) an increase in trade and bills receivables of RMB10.2 million, partially offset by an increase in trade payables of RMB8.2 million.

Net Cash Flows From/(Used in) Investing Activities

In 2025, we had net cash flows used in investing activities of RMB52.2 million. This was primarily attributable to purchases of wealth management products and structured deposits of RMB422.5 million, partially offset by (i) proceeds from wealth management products and structured deposits of RMB364.5 million and (ii) withdrawal of time deposits of RMB22.0 million.

In 2024, we had net cash flows from investing activities of RMB20.5 million. This was primarily attributable to (i) proceeds from wealth management products and structured deposits of RMB590.9 million and (ii) withdrawal of time deposits of RMB22.0 million, partially offset by (i) purchases of wealth management products and structured deposits of RMB554.6 million and (ii) purchases of property, plant and equipment of RMB38.9 million.

In 2023, we had net cash flows from investing activities of RMB12.4 million. This was primarily attributable to proceeds from wealth management products and structured deposits of RMB493.2 million, partially offset by (i) purchases of wealth management products and structured deposits of RMB471.7 million and (ii) purchases of property, plant and equipment of RMB9.5 million.

Net Cash Flows From/(Used in) Financing Activities

In 2025, we had net cash flows from financing activities of RMB43.6 million. This was primarily attributable to (i) capital contribution net of issuance expense of RMB40.7 million, and (ii) new bank borrowings of RMB10.0 million, partially offset by lease payments of RMB4.0 million.

In 2024, we had net cash flows from financing activities of RMB34.1 million. This was primarily attributable to the capital contribution net of issuance expense of RMB50.0 million, partially offset by (i) repayment of bank loans of RMB10.0 million and (ii) lease payment of RMB5.8 million.

In 2023, we had net cash flows used in financing activities of RMB0.8 million. This was primarily attributable to (i) repayment of bank loans of RMB10.0 million and (ii) lease payment of RMB4.1 million, partially offset by (i) new bank borrowings of RMB10.0 million and (ii) capital contribution net of issuance expense of RMB3.6 million.

Net Current Assets

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			*(Unaudited)*
Current Assets				
Inventories	27,208	52,852	59,138	71,699
Trade and bills receivables	74,413	137,923	185,726	232,463
Prepayments, other receivables and other assets	7,644	29,265	11,230	22,681
Financial assets at fair value through other comprehensive income	35,177	25,605	20,449	22,563
Financial assets at fair value through profit or loss	100,267	65,146	123,645	74,079
Cash and cash equivalents	15,109	29,608	12,123	46,094
Total current assets	**259,818**	**340,399**	**412,311**	**469,579**
Current Liabilities				
Trade payables	44,886	85,779	102,257	146,060
Other payables and accruals	17,271	25,819	23,704	26,989
Contract liabilities	1,191	1,520	1,313	677
Interest-bearing bank borrowings	10,000	–	10,000	10,000
Lease liabilities	4,161	4,291	6,971	7,627
Total current liabilities	**77,509**	**117,409**	**144,245**	**191,353**
Net Current Assets	**182,309**	**222,990**	**268,066**	**278,226**

Our net current assets increased from RMB182.3 million as of December 31, 2023 to RMB223.0 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB63.5 million, which was in line with the increase in our revenue, (ii) an increase in inventories of RMB25.6 million as we maintained a higher level of inventories for the production ramp-up of our new products, and (iii) an increase in prepayments, other receivables and other assets of RMB21.6 million made to suppliers for raw materials; partially offset by (i) an increase in trade payables of RMB40.9 million as we increased procurement of raw materials, and (ii) a decrease in financial assets at fair value through profit or loss of RMB35.1 million.

Our net current assets remained relatively stable at RMB268.1 million as of December 31, 2025 and RMB278.2 million as of February 28, 2026.

INDEBTEDNESS

The table below sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			*(Unaudited)*
Current				
Interest-bearing bank borrowings	10,000	–	10,000	10,000
Lease liabilities	4,161	4,291	6,971	7,627
Total current	**14,161**	**4,291**	**16,971**	**17,627**
Non-Current				
Lease liabilities	9,210	12,864	11,929	10,979
Total non-current	**9,210**	**12,864**	**11,929**	**10,979**
Total indebtedness	**23,371**	**17,155**	**28,900**	**28,606**

Interest-bearing Bank Borrowings

During the Track Record Period, our interest-bearing bank borrowings were unsecured bank loans with interest rate at the loan prime rate minus 0.25% per annum. As of December 31, 2023, 2024 and 2025 and February 28, 2026, we had interest-bearing bank borrowings of RMB10.0 million, nil, RMB10.0 million and RMB10.0 million, respectively. As of February 28, 2026, we had committed unutilized bank facilities of RMB10.0 million.

Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, the agreements relating to our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. During the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

Lease Liabilities

Our lease liabilities primarily related to leases of offices and production facilities. As of December 31, 2023, 2024, and 2025 and February 28, 2026, our total lease liabilities (including current and non-current portion) amounted to RMB13.4 million, RMB17.2 million, RMB18.9 million and RMB18.6 million, respectively.

Except as disclosed above, as of February 28, 2026, being the latest practicable date for determining our indebtedness, we had no bank loans or other borrowings, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities.

Since February 28, 2026 and up to the Latest Practicable Date, there had not been any material change in our indebtedness.

CONTINGENT LIABILITIES

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

RESEARCH AND DEVELOPMENT EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, we did not capitalize research and development costs. The table below sets forth our annual and total research and development expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Research and development costs	54,619	76,695	59,367
Adjustments:			
Add: Intangible assets acquired from third parties and capitalized	–	–	–
Less: Amortization expenses of capitalized intangible assets included in research and development expenditure	–	–	–
Annual research and development expenditure	**54,619**	**76,695**	**59,367**
Total research and development expenditure			**190,681**(1)

Note:

(1) Total research and development expenditure over the Track Record Period.

The table below sets forth our annual and total operating expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Research and development costs	54,619	76,695	59,367
Selling and marketing expenses	5,861	5,600	5,230
Administrative expenses	21,620	25,497	39,987
Adjustments:			
Add: Intangible assets acquired from third parties and capitalized	–	–	–
Less: Amortization expenses of capitalized intangible assets included in research and development expenditure	–	–	–
Annual total operating expenditure	82,100	107,792	104,584
Total operating expenditure			**294,476**(1)

Note:

(1) Total operating expenditure over the Track Record Period.

The table below sets forth our annual research and development expenditure ratio and total research and development expenditure ratio for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Annual research and development expenditure ratio[1]	66.5%	71.2%	56.8%
Total research and development expenditure ratio			64.8%[2]

Notes:

(1) Calculated by dividing annual research and development expenditure by annual total operating expenditure.

(2) Calculated by dividing total research and development expenditure over the Track Record Period by total operating expenditure over the Track Record Period.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures primarily consisted of purchases of property, plant and equipment. In 2023, 2024 and 2025, our capital expenditure amounted to RMB9.5 million, RMB38.9 million and RMB16.5 million, respectively.

CAPITAL COMMITMENTS

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchases of long-term assets	2,511	7,770	1,925
Research and development cooperation	300	1,900	1,800
Total	**2,811**	**9,670**	**3,725**

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 33 the Accountants' Report in Appendix I was conducted in the ordinary course of business and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

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

	As of/Year ended December 31,		
	2023	2024	2025
Revenue growth rate[(1)]	128.1	30.5	41.6
Net (loss)/profit margin[(2)]	(0.3)	(7.2)	0.4
Current ratio[(3)]	3.4	2.9	2.9
Quick ratio[(4)]	3.0	2.4	2.4

Notes:

(1) Revenue growth rate equals the difference between the revenue for the year indicated and the revenue for the prior year, divided by the revenue for the prior year, and multiplied by 100%.

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

(3) Current ratio is calculated by dividing current assets by current liabilities as of the date indicated.

(4) Quick ratio is calculated by dividing current assets less inventories by current liabilities as of the date indicated.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

Our principal financial instruments comprise interest-bearing bank borrowings, financial assets at fair value through profit or loss, financial assets in prepayments, other receivables and other assets and cash and cash equivalents. The main purpose of these financial instruments is to fund our operations. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from our operations. The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Our Directors review and determine the policies for managing each of these risks. For details of our financial risk management, see Note 36 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

No dividend was paid or declared by our Company during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

WORKING CAPITAL

Our Directors are of the opinion that, taking into account of the financial resources available to us, including (i) our future operating cash flows in respective periods, (ii) cash and cash equivalents, (iii) current financial assets at fair value through profit or loss, (iv) available bank facilities, and (v) the estimated [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for our requirements for at least the next 12 months from the date of this document. We do not expect to have next round of financing before the [**REDACTED**].

DISTRIBUTABLE RESERVES

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

[REDACTED]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] (based on an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range, representing approximately [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**], of approximately HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. During the Track Record Period, approximately HK$[**REDACTED**] was charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] was accounted for as a deduction from equity. Subsequent to the Track Record Period, approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 and up to the date of this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

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