You should read the following discussion and analysis in conjunction with our consolidated financial information included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our historical financial information and the consolidated financial statements of our Group have been prepared in accordance with the IFRSs, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results could differ materially from those anticipated in the forward-looking statements due to various factors, including those discussed in the sections headed "Forward-Looking Statements," "Risk Factors" and elsewhere in this document. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this document may be due to rounding.

OVERVIEW

We are a provider of intelligent sensing, machine vision, and imaging technology solutions integrating high-performance mixed-signal integrated circuits (ICs) and optimization algorithms, supporting smart devices to achieve precise sensing, superior imaging, and intelligent upgrades. Our solutions have been widely applied in consumer electronics sector, including smartphones, smart wearables, and tablets and are actively expanding into emerging growth areas including robotics, digital twins and automotive electronics, bringing intelligent sensing capabilities to a wider range of scenarios.

During the Track Record Period, we experienced significant growth, primarily driven by the broadening applications and greater market recognition of our intelligent sensing, machine vision and imaging technology products. Our revenue increased by 175.4% from RMB242.0 million in 2023 to RMB666.6 million in 2024, and further by 28.2% to RMB854.7 million in 2025. In addition, our gross profit increased from RMB57.0 million in 2023 to RMB156.2 million in 2024, and further to RMB208.0 million in 2025. In 2023, 2024 and 2025, our gross profit corresponded to the upward trend of our revenue while our gross profit margin remained relatively stable at 23.6%, 23.4%, and 24.3%, respectively. Our enhanced operational efficiency and the increased momentum derived from the commercialization of new products have enabled us to capitalize on the advantages of economies of scale. As the result of the foregoing, we began to generate profit of RMB9.7 million in 2024 and continued to record net profits of RMB26.5 million in 2025.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe that our operational results and financial conditions are also subject to several company-specific factors, including the following:

Our Product and Solution Mix and Value Creation for Customers

Our revenue grew significantly during the Track Record Period primarily due to the expansion of our product and solution offerings. As of the Latest Practicable Date, our diversified product matrix comprised of a broad range of sensors and drivers, categorized into ten commercialized product lines, mainly attributable to our exerted efforts in diversifying our product and solution mix to cater to the growing demands of our customers. We typically review our product and solution portfolio and customer base regularly, taking into account our overall business strategies and potential market opportunities. Leveraging our consistent efforts to advance the sales of our various products and solutions and enhance our brand recognition, we have managed to develop and offer products and solutions with competitive capabilities in terms of product functions and customization for our customers.

Our revenue growth during the Track Record Period was also endorsed by the diversification of our product portfolio. With the launch of product lines featuring higher gross margins, the contribution of such products has led to an overall improvement in our gross profit margin and our financial performance.

Our Research and Development Capabilities

We operate in a sector that is witnessing rapid technological innovations with evolving demands for advanced and cutting-edge products and solutions. Our ability to expand and cement our market position, implement our growth strategies and pursue long-term profitability heavily depends on our research and development capabilities. We will empower high-growth emerging scenarios including robotics and digital twins with full-stack imaging IC capabilities.

We continue to enhance our research and development capabilities in a number of aspects, spanning the recruitment of research and development talents, building our independent research and development centers and the engagement in numerous research and development projects. During the Track Record Period, we strive to recruit diverse talents to foster our research and development capabilities to bolster our overall competitiveness in the market. Our R&D staff cost amounted to RMB40.5 million, RMB45.8 million and RMB50.5 million, respectively, in 2023, 2024 and 2025. In addition, we have and will continue to invest in our technology infrastructure to attract customers, aiming to expand our product and service offerings and scale.

Our research and development capabilities may be subject to the changes in several factors, including, among others, our decision and vision to timely and precisely capture the industry trend related to technology advancements, our ability to retain and further recruit talents with requisite expertise and the effectiveness and progress of our products and solutions upgrade. In addition, market reception of our products and solutions will also determine the return on our research and development investments. All of these factors will impact our financial performance and results of operations.

We intend to continue to invest in refining of our core technological capabilities, with the prime focus placed on strengthening our capacity in IC design and intelligent sensing products. We will also seek to improve our product offerings by leveraging advances in product development and design methodologies. In addition, we will carefully manage the headcounts of our staff and organizational structure of our R&D team to enhance design efficiency and maximize the return on our research and development expenditures. While we expect our research and development expenses to grow in the foreseeable future in line with the complexity of advanced IC design projects, we aim to achieve greater operating leverage as our revenue expands.

Our Ability to Manage Costs and Improve Operational Efficiency

Our results of operations are directly affected by our ability to enhance operating efficiency and leverage scale of business. Accordingly, the success of our business depends, in part, on our ability to reduce our operating costs and expenses and improving our operating efficiency.

Our ability to effectively manage costs and operating expenses forms a crucial part of our path toward profitability. During the Track Record Period, our revenue increased at a CAGR of 87.9%, our overall gross profit margin remained relatively stable, and we managed to achieve enhanced operating expenses efficiency throughout the Track Record Period. In 2023, 2024 and 2025, our operating expenses, which consisted primarily of selling and distribution expenses, general and administrative expenses and research and development expenses, amounted to RMB150.5 million, RMB149.8 million, and RMB171.7 million, respectively, accounted for 62.2%, 22.5%, and 20.1%, respectively, of our revenue for the corresponding years.

Going forward, our operating expenses may continue to vary with changes in staff headcounts, compensation levels, and business activity requirements. Our ability to perform disciplined control over selling, administrative, and research and development expenses, while strategically optimizing adequate investment in high-potential growth products, will directly affect our operating results and profitability.

Supply Chain Management

Our supply chain management capabilities are critical to our business operations and financial performance. We rely on third-party suppliers for wafer foundry, packaging and testing services, and maintaining strong long-term partnerships with key suppliers is essential to securing stable manufacturing capacity and mitigating supply chain risks. During the periods of high industry demand, such relationships enable us to obtain prioritized capacity and ensure timely deliveries through accurate forecasting and effective communication of wafer demand. During the Track Record Period, we have maintained close collaboration with supply chain partners, which allows us to optimize production processes, shorten time cycle and improve time-to-market. In addition, by optimizing procurement lead times for critical materials and services, we have reduced inventory holding costs while maintaining production flexibility. Through disciplined supply chain management, we are managed to balance cost efficiency and operational resilience, which enables us to enhance product quality while optimizing our cost structure. This allows us to deliver high-performance, cost-effective products to our customers, thereby ensuring our ability to meet customer demand and capture growth opportunities in the competitive semiconductor market.

BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards issued by the IASB. No audited statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdictions where there are no statutory audit requirements of the Company. For the purpose of preparing and presenting our historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The following paragraphs discuss, among others, our critical accounting policies, estimates and judgements applied in preparing our financial information:

Revenue

Revenue represents the amounts received and receivable from the sale of goods and provision of software development service, net of sales related taxes, during the Track Record Period.

Performance Obligations for Contracts with Customers and Revenue Recognition Policies

Sales of Sensor and Driver Products under Intelligent Sensing, Machine Vision and Imaging Technology

We sell the sensor and driver products under intelligent sensing, machine vision and imaging technology to the distributors and direct customers.

We recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods underlying the particular performance obligation is transferred to the customer.

Revenue from sales of goods to distributors and direct customers is recognised at a point in time when the goods are delivered to the specified location designated by or accepted by the distributors and direct customers since only by that time we pass control of the goods to the distributors and direct customers. Transportation and handling activities that occur before distributors and direct customers obtain control are considered as fulfilment activities. The credit term granted to distributors and direct customers is 0-90 days.

Under our standard contract terms, distributors and direct customers have a right to return/replace for products with quality issues within typically 12 or 24 months warranty period. Sales-related warranties associated with sensor and driver products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, we accounts for warranties in accordance with IAS37.

Provision of Software Development Services

We provide software development services to the customers. The provision of solutions on software development services includes a comprehensive set of activities in the contract, such as project design, implementation, installation, trial launch and/or acceptance, which are highly interdependent and highly interrelated as a single performance obligation. As we do not meet the IFRS15.35, the performance obligation is satisfied at a point in time.

The transaction price received by us is recognised as a contract liability for provision of software development services in which revenue has yet been recognised.

Contracts with Multiple Performance Obligations (Including Allocation of Transaction Price)

For contracts that contain more than one performance obligations, we allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which we would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, we estimate it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which we expect to be entitled in exchange for transferring the promised goods or services to the customer.

Significant Accounting Judgments and Estimates

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Deferred Tax Assets

The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. As of December 31, 2023, 2024 and 2025, we recognized deferred tax asset of nil, RMB40.7 million and RMB41.2 million, respectively.

Allowance for Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non incremental costs which we must incur to make the sale.

We estimates the net realisable value of inventories and reviews the condition of its inventories at the end of each reporting period and makes provisions against the inventory items, which the estimated cost is below than net realisable values and obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the semiconductor industry. We estimates the net realisable value for the inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against the inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed.

DESCRIPTION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	242,048	666,580	854,704
Cost of sales	(185,022)	(510,353)	(646,678)
Gross profit	**57,026**	**156,227**	**208,026**
Other income	15,522	4,173	23,876
Other gains and losses	9,593	2,280	1,314
Loss on fair value change of financial liabilities at fair value through profit or loss ("FVTPL")	(41,290)	(40,468)	(16,498)
Impairment losses under expected credit loss ("ECL") model, net of reversal	(336)	(2,633)	2,671
Selling and distribution expenses	(40,587)	(48,000)	(49,188)
General and administrative expenses	(28,445)	(24,672)	(32,082)
Research and development expenses	(81,451)	(77,103)	(90,389)
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Finance costs	(162)	(747)	(1,261)
(Loss)/profit before tax	**(110,130)**	**(30,943)**	**26,110**
Income tax credit	–	40,677	380
(Loss)/profit for the year	**(110,130)**	**9,734**	**26,490**

NON-IFRS MEASURE

To supplement our consolidated statements of profit or loss and other comprehensive income presented in accordance with IFRS, we also use adjusted net (loss)/profit (non-IFRS measure), as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe that the presentation of such non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to [**REDACTED**] and management in facilitating a comparison of our operating performance from period to period and company to company by eliminating potential impacts of certain items.

However, the use of non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

We define adjusted net (loss)/profit (non-IFRS measure), as (loss)/profit for the year adding back (i) share-based payment expenses related to our Pre-[**REDACTED**] share incentive plan, which are non-cash in nature, (ii) [**REDACTED**] expense are expense related to the [**REDACTED**], and (iii) loss on fair value change of financial liabilities at FVTPL relating to certain special rights granted to our Pre-[**REDACTED**] Investors, which is non-operating in nature and was reclassified to equity in 2025. The financial liabilities at FVTPL increased from RMB1,012.8 million as of December 31, 2023 to RMB1,053.3 million as of December 31, 2024, primarily attributable to the fair value change of such financial liabilities. The financial liabilities at FVTPL decreased to nil as of December 31, 2025, primarily attributable to the termination of certain special rights of our Pre-[**REDACTED**] Investors on July 31, 2025, resulting in a transfer of RMB1,579.4 million to other reserve. See Note 23 to the Accountants' Report in Appendix I to this document for details.

The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year	(110,130)	9,734	26,490
Add:			
Share-based payments expenses	43,384	20,870	8,031
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Loss on fair value change of financial liabilities at FVTPL	41,290	40,468	16,498
Adjusted net (loss)/ profit (non-IFRS measure)	**(25,456)**	**71,072**	**71,378**

Revenue

Revenue by Business Lines

During the Track Record Period, we primarily generated revenue from (i) the sales of sensor and driver products categorized by intelligent sensing products, machine vision products and imaging technology products; and (ii) others primarily comprise revenue from sales of our proprietary software. For details, see "— Business — Our Product Offerings."

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Intelligent sensing products	236,487	97.7	573,557	86.0	708,004	82.9
– Optical sensing	*93,074*	*38.5*	*299,548*	*44.9*	*270,860*	*31.7*
– Smart audio	*143,374*	*59.2*	*244,631*	*36.7*	*382,675*	*44.8*
– Haptics	*39*	*–**	*29,378*	*4.4*	*54,469*	*6.4*
Machine vision products	751	0.3	46,434	7.0	70,724	8.3
Imaging technology products	11	–*	46,501	7.0	71,192	8.3
Others[(1)]	4,799	2.0	88	–*	4,784	0.5
Total	**242,048**	**100.0**	**666,580**	**100.0**	**854,704**	**100.0**

* Less than 0.1%

(1) Others primarily comprise revenue from sales of our proprietary software, which is designed to enhance the performance of IC products.

Intelligent Sensing Products

We derive our revenue primarily from our intelligent sensing products, which comprise optical sensing, smart audio and haptics. In 2023, 2024 and 2025, we generated revenue of RMB236.5 million, RMB573.6 million, and RMB708.0 million, respectively, from our intelligent sensing products, which accounted for 97.7%, 86.0% and 82.9%, respectively, of our total revenue for each of the corresponding period.

We have witnessed a significant increase in revenue generated from our intelligent sensing products during the Track Record Period. The upward trend was mainly attributable to the continued increment in delivering our smart audio amplifier ICs and the wider adoption of our optical sensing products in smartphones and other smart devices.

Machine Vision Products

During the Track Record Period, we offer a wide range of machine vision products that equip smart devices with spatial awareness and visual understanding, thereby empowering smart devices with high-precision 3D modeling, material composition analysis, and dynamic environment understanding. In 2023, 2024 and 2025, the revenue from our machine vision products amounted to RMB0.8 million, RMB46.4 million, and RMB70.7 million, respectively, accounting for 0.3%, 7.0%, and 8.3% of our total revenue for each of the corresponding period.

Imaging Technology Products

Our imaging technology products cover both foundational correction and advance imaging to optimize the full imaging chain from photo capture to image output, with the functionality to safeguard vivid and adaptive visuals. In 2023, 2024 and 2025, we derived revenue from our imaging technology products of RMB11.0 thousand, RMB46.5 million and RMB71.2 million, respectively, accounting for nil, 7.0% and 8.3%, respectively, of our total revenue for each of the corresponding period.

Other Business

During the Track Record Period, we also sell proprietary software to our customers. In 2023, 2024 and 2025, we derived revenue from other business of RMB4.8 million, RMB88.0 thousand and RMB4.8 million, respectively, accounting for 2.0%, nil and 0.5%, respectively, of our total revenue for the same periods. Given our primary focus is placed on our intelligent sensing products, machine vision products and imaging technology products, we only recorded insignificant proportion of revenue in connection with our other business in the Track Record Period.

Sales volume and ASP by Business Lines

In 2023, 2024 and 2025, we sold 211.8 million, 648.5 million and 827.9 million pieces of products, respectively. The table below sets forth our sales volume and average selling price ("ASP") of our business lines for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	Pieces ('000)	*RMB per piece*	*Pieces ('000)*	*RMB per piece*	*Pieces ('000)*	*RMB per piece*
Intelligent sensing products	211,744	1.1	613,418	0.9	775,686	0.9
– *Optical sensing*	62,181	1.5	283,159	1.1	319,302	0.8
– *Smart audio*	149,536	1.0	309,522	0.8	413,235	0.9
– *Haptics*	27	1.5	20,737	1.4	43,149	1.3
Machine vision products	6	120.5	2,357	19.7	3,682	19.2
Imaging technology products	6	1.8	32,757	1.4	48,579	1.5
Others(1)	N/A	N/A	N/A	N/A	N/A	N/A
Total	**211,756**		**648,532**		**827,947**	

Note:

(1) Others primarily comprise revenue from sales of our proprietary software, which is designed to enhance the performance of integrated circuit.

During the Track Record Period, our revenue growth was primarily driven by significant volume expansion across our product portfolio, which took place against the backdrop of an ongoing domestic substitution trend. Domestic substitution is a trend in which customers in China increasingly procure products from domestic suppliers in place of overseas suppliers, driven by factors including cost advantages, geographic proximity, rapid local service responsiveness and the increasing demand among customers for diversified procurement channels. Specifically, Our customers used to source chips from leading global suppliers, particularly those based in the United

States, Austria and other regions. Our success in capturing domestic substitution opportunities is primarily attributable to our strategic layout, anchored by our Wuhan headquarters and supported by our regional sales subsidiaries in Shanghai, Shenzhen, and Beijing. This geographical proximity allows us to provide rapid local service response, precision customer engagement, and responsive technical support. Furthermore, our products have a cost advantage over imported products as they are exempt from import tariffs and involve lower logistics expenses, allowing us to provide more competitive pricing to our domestic clients. For further details, see "Industry Overview — Overview of the Global Intelligent Sensing IC Market".

To further accelerate market penetration and customer acquisition, we selectively adopted a competitive pricing strategy for certain established product lines, such as optical sensing products and smart audio products, both of which operate in highly competitive market segments. Notwithstanding we offer competitive pricing on existing products, our next-generation products are not subject to these reductions as their pricing is based on upgraded performance. For further details, see "Business — Pricing Strategy". Such strategy is generally consistent with prevailing industry trends, where market participants offer competitive pricing to capture market share. According to CIC, the industry generally faces downward pricing pressure, and some manufacturers have adopted price reduction measures to attract customers. On the one hand, as our production scale increases and unit costs decline, we are able to pass on cost savings to our customers. This allows us to maintain stable profit margins while driving sales volume growth, thereby enhancing our overall revenue. On the other hand, the rapid technological iteration inherent in our industry makes price erosion inevitable, and it is standard industry practice to implement price adjustments for existing products. The aforementioned competitive pricing strategy is differentiated from our periodic price adjustments for key customers. For further details, see "Business — Pricing Strategy".

While our competitive pricing strategy for optical sensing and smart audio products resulted in lower ASPs for these product lines, we are of the view that the downward pricing pressure experienced by certain established products is a proactive and rational business decision and consistent with the prevailing industry norm.

To mitigate the impact of downward pricing pressure, we have adopted the following proactive measures:

(i) Product iteration: we continuously develop and launch next-generation products with enhanced functions for which we may charge higher prices, thereby creating a natural offset to price erosion on mature products. For instance, the ASP of our smart audio products increased from RMB0.8 in 2024 to RMB0.9 in 2025 primarily attributable to the optimized product mix toward next-generation products with higher ASPs compared to our then existing mature products. For instance, for optical sensing products, we rolled out a next-generation model in the fourth quarter of 2024 at an ASP of RMB3.6 per piece, representing a price premium over the RMB3.1 per piece of the preceding generation.

(ii) Optimization of product mix towards higher-margin product lines: we have actively expanded the revenue contribution from higher-margin product lines, including haptics, machine vision and imaging technology products, which collectively accounted for increasing percentage of total revenue increasing from 0.3% in 2023 to 18.4% in 2024, and further to 23.0% in 2025; and

(iii) Selective pricing strategy: the competitive pricing strategy was applied selectively to optical sensing and smart audio products to drive volume growth, and was not adopted across our full product portfolio. Our haptics, machine vision and imaging technology products are not subject to such competitive pricing reductions as the relevant markets are less competitive as compared with those for optical sensing and smart audio products.

In addition to the above pricing control measures, we have implemented the following cost and expenses control initiatives:

(i) Supply chain optimization: we leveraged our increasing procurement volume to negotiate more favorable pricing terms with our foundries, packaging and testing service providers, contributing to lower unit procurement costs. Furthermore, we actively diversified our supplier network to include more cost-advantageous partners and enhanced collaboration with existing suppliers; and

(ii) Operating expenses efficiency enhancement: our total operating expenses as a percentage of revenue, which consisted primarily of selling and distribution expenses, general and administrative expenses and research and development expenses, decreased from 62.2% in 2023 to 22.5% in 2024 and further to 20.1% in 2025, demonstrating enhanced cost efficiency as our revenue base expanded.

We believe this was a proactive business decision to capture market share during a critical growth phase while we continued to benefit from the favorable macro trend of domestic substitution. In addition to leveraging our competitive pricing strategy for customer acquisition and business expansion, our growth was further propelled by our robust inhouse R&D capabilities, the continuous diversification of our product lines and application scenarios, as well as our geographic proximity to key customers. The following discussion analyzes the revenue drivers of each of our three product lines in further detail.

Intelligent Sensing Products – Optical Sensing

Sales volume: The sales volume increased from 62.2 million pieces in 2023 to 283.2 million pieces in 2024, and further to 319.3 million pieces in 2025 primarily attributable to our competitive pricing strategy, alongside the favorable industry trend of domestic substitution. Moreover, as we continuously enriched our product portfolio, our customer base grew from 23 in 2023 to 38 in 2025, further bolstering our overall sales volume.

ASP: The ASP of optical sensing products decreased from RMB1.5 in 2023 to RMB1.1 in 2024, and further to RMB0.8 in 2025. This downward trend was primarily driven by our proactive decision to implement a competitive pricing strategy, as our optical sensing products operate in highly competitive market segments, aiming at boosting product sales and maintaining our market position amid increasing domestic chip adoption. Additionally, the decrease reflected the broader industry development cycle, characterized by rapid product iteration where newly launched chips command a price premium that gradually declines as subsequent generations enter the market. According to CIC, such a pricing pattern is in line with the industry norm. To a lesser extent, the decrease also reflected periodic price adjustments for key customers, which are driven by specific commercial arrangements rather than broader market competition. For further details, see "Business — Pricing Strategy".

Intelligent sensing products – Smart Audio

Sales volume: Amid the favorable industry trend of domestic substitution, the sales volume of our smart audio products increased from 149.5 million pieces in 2023 to 309.5 million pieces in 2024 primarily because (i) we consistently enhanced product competitiveness for acquiring orders from major clients and solidifying our market leadership; (ii) we actively diversified our product portfolio, which broadened our addressable markets and directly contributed to higher sales volume; (iii) we implemented a competitive pricing strategy, which enabled us to capture market share effectively and maintained a strong competitive position. The sales volume increased from 309.5 million pieces in 2024 to 413.2 million pieces in 2025 primarily attributable to the favorable market recognition of our newly launched products, which resulted in a continuous growth in shipments, coupled with our enhanced product competitiveness.

ASP: The ASP of smart audio products decreased from RMB1.0 in 2023 to RMB0.8 in 2024, which was primarily due to (i) a competitive pricing strategy we implemented, as smart audio products, similar to optical sensing products, operate in a highly competitive market; and (ii) price erosion in line the industry development cycle. Our ASP of smart audio products slightly increased from RMB0.8 in 2024 to RMB0.9 in 2025 primarily driven by ongoing product iteration, as we progressively transitioned our product mix toward next-generation product which command higher ASP compared to our existing products.

Intelligent sensing products – Haptics

Sales volume: The sales volume of our haptics products increased from 27 thousand pieces in 2023 to 20.7 million pieces in 2024 primarily because our haptics products progressed from the trial production stage, primarily manufacturing and selling demos in 2023, to mass production and commercial sales in 2024. The sales volume increased from 20.7 million pieces in 2024 to 43.1 million pieces in 2025 primarily attributable to the successful ramp-up of large-scale production since the second half of 2024, coupled with rising demand from both new and existing customers. Furthermore, the expansion was bolstered by the broadening of product application scenarios, which significantly drove our overall sales volume.

ASP: The ASP of haptics products decreased from RMB1.5 in 2023 to RMB1.4 in 2024, and further to RMB1.3 in 2025, which was primarily due to the price erosion in line with industry development cycle.

Machine Vision Products

Sales volume: The sales volume increased from 6.2 thousand pieces in 2023 to 2.4 million pieces in 2024 primarily because our machine vision products progressed from the trial production stage in 2023 to mass production and commercial sales in 2024. The sales volume increased from 2.4 million pieces in 2024 to 3.7 million pieces in 2025 primarily driven by the rapid expansion of our machine vision product, characterized by successful new customer acquisition and increased demand from our existing client base. Furthermore, the continuous roll-out of new-generation product further accelerated our sales volume.

ASP: The ASP of machine vision products was RMB120.5 in 2023. The sales during such period consisted solely of demos with negligible volume, therefore the achieved ASP should not be considered commercially indicative. The ASP of machine vision products was RMB19.7 in 2024, which reflected a reasonable price upon commercialization. The ASP decreased from RMB19.7 in 2024 to RMB19.2 in 2025 primarily due to periodic price adjustments under specific commercial arrangements with a major customer to maintain long-term strategic partnership. This adjustment was customer-specific and did not reflect a competitive pricing strategy applied to the overall product line.

Imaging Technology Products

Sales volume: The sales volume of our imaging technology products increased from 6.0 thousand pieces in 2023 to 32.8 million pieces in 2024 primarily as a result of mass production and commercial sales in 2024. The sales volume increased from 32.8 million pieces in 2024 to 48.6 million pieces in 2025 primarily due to robust market adoption by clients and our role as a leader within the industry, which spurred sustained order growth across our new and existing customers.

ASP: The ASP of imaging technology products was RMB1.8 in 2023. The sales during this year consisted solely of demos with negligible volume, therefore the achieved ASP should not be considered commercially indicative. The ASP of imaging technology products slightly increased from RMB1.4 in 2024 to RMB1.5 in 2025, reflecting a favorable shift in our product portfolio as higher-ASP products accounted for an increased proportion of our total shipments.

Revenue by Geographic Region

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
China	141,902	58.6	428,194	64.2	632,309	74.0
Hong Kong	100,146	41.4	238,386	35.8	222,395	26.0
Total	**242,048**	**100.0**	**666,580**	**100.0**	**854,704**	**100.0**

Revenue generated from our customers located in China amounted to RMB141.9 million, RMB428.2 million and RMB632.3 million in 2023, 2024 and 2025, accounting for 58.6%, 64.2% 74.0%, respectively, of our revenue for the relevant periods. The increasing proportion of our revenue derived from China was primarily driven by the increasing number of customers we collaborated in China as of December 31, 2023, 2024 and 2025, along with the increasing sales volume and expansion of our business with them.

Revenue by Channel

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Direct sales	60,777	25.1	199,955	30.0	281,564	32.9
Distribution	181,271	74.9	466,625	70.0	573,140	67.1
Total	**242,048**	**100.0**	**666,580**	**100.0**	**854,704**	**100.0**

Revenue generated from our direct sales channels amounted to RMB60.8 million, RMB200.0 million and RMB281.6 million in 2023, 2024 and 2025, accounting for 25.1%, 30.0% and 32.9%, respectively, of our revenue for the same periods. The increase in the proportion of direct sales revenue was primarily attributable to our continuous effort to maintain stable relationship with direct sales customers, as well as the strategic shift requested by several of downstream customers, who were also seeking for gradual transition from distribution models to direct sales models among their domestic suppliers which can provide direct and customized service with more competitive prices. In alignment with such initiative, we gradually adopted the direct sales model. For details of our sales through direct sales channel and distribution, see "Business — Sales and Marketing — Our Sales Channels."

Revenue generated from our distribution channels amounted to RMB181.3 million, RMB466.6 million and RMB573.1 million in 2023, 2024 and 2025, accounting for 74.9%, 70.0% and 67.1%, respectively, of our revenue for the corresponding periods.

Cost of Sales

Cost of Sales by Nature

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	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Material costs	118,807	64.3	284,205	55.7	363,634	56.3
Processing fees[(1)]	43,875	23.7	195,021	38.2	244,693	37.8
Impairment loss of inventories	18,919	10.2	22,781	4.5	21,654	3.3
Other costs	3,421	1.8	8,346	1.6	16,697	2.6
Total	**185,022**	**100.0**	**510,353**	**100.0**	**646,678**	**100.0**

Note:

(1) Processing fees primarily consist of costs related to packaging, testing, and coating services.

During the Track Record Period, our cost of sales consisted primarily of (i) material costs, (ii) processing fees, (iii) impairment loss of inventories and (iv) other costs. Our cost of sales amounted to RMB185.0 million, RMB510.4 million and RMB646.7 million in 2023, 2024 and 2025, respectively, representing 76.4%, 76.6% and 75.7% of our revenue for the corresponding periods.

Material costs, our largest cost component, mainly representing our procurement of silicon wafers manufactured by foundries, accounted for 64.3%, 55.7% and 56.3% of our total cost of sales in 2023, 2024 and 2025. Our material costs increased significantly from RMB118.8 million in 2023 to RMB284.2 million in 2024, and further increased to RMB363.6 million in 2025. The growth in our material costs was primarily driven by the increased purchase orders of our intelligent sensing products, machine vision products and imaging technology products in the corresponding periods.

Cost of Sales by Business Lines

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Intelligent sensing products	178,939	96.7	441,690	86.6	557,349	86.3
– Optical sensing	*62,789*	*33.9*	*221,618*	*43.4*	*206,696*	*32.0*
– Smart audio	*115,105*	*62.2*	*202,916*	*39.8*	*319,572*	*49.5*
– Haptics	*1,045*	*0.6*	*17,156*	*3.4*	*31,081*	*4.8*
Machine vision products	1,616	0.9	40,881	8.0	52,633	8.1

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Imaging technology products	3,770	2.0	27,773	5.4	35,867	5.5
Others	697	0.4	9	–*	829	0.1
Total	**185,022**	**100.0**	**510,353**	**100.0**	**646,678**	**100.0**

* Less than 0.1

During the Track Record Period, we primarily generate revenue from three business lines, spanning intelligent sensing products, machine vision products and imaging technology products. See "Business — Our Product Offerings" for more details.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our overall profitability varies as a result of the mix of products across business lines and their considerable differences in profit contribution and gross margin level. In 2023, 2024 and 2025, our gross profit was RMB57.0 million, RMB156.2 million and RMB208.0 million, respectively.

Our gross profit margin represents our gross profit as a percentage of our revenue. In 2023, 2024 and 2025, our gross profit margin was 23.6%, 23.4% and 24.3%.

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

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit/ (loss)	Gross Profit/ (loss) Margin	Gross Profit/ (loss)	Gross Profit/ (loss) Margin	Gross Profit/ (loss)	Gross Profit/ (loss) Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Intelligent sensing products	57,548	24.3	131,867	23.0	150,655	21.3
– Optical sensing	*30,285*	*32.5*	*77,930*	*26.0*	*64,164*	*23.7*
– Smart audio	*28,269*	*19.7*	*41,715*	*17.1*	*63,103*	*16.5*
– Haptics	*(1,006)*	*(2,579.5)*	*12,222*	*41.6*	*23,388*	*42.9*
Machine vision products	(865)	(115.2)	5,553	12.0	18,091	25.6
Imaging technology products	(3,759)	(34,172.7)	18,728	40.3	35,325	49.6
Others	4,102	85.5	79	89.8	3,955	82.7
Total	**57,026**	**23.6**	**156,227**	**23.4**	**208,026**	**24.3**

Overall, our gross profit increased generally in line with our revenue growth during the Track Record Period, and the fluctuations in gross margin primarily reflected the change in our product mix. Despite these fluctuations, our overall gross margin varied between 23.4% to 24.3%, demonstrating both the scalability of our intelligent sensing products and the high value contribution of imaging technology products. The combination of strong volume drivers in established categories and the successful commercialization of higher-margin new products highlights the strength of our business model and competitive positioning.

The following table sets forth a breakdown of gross profit and gross profit margin by sales channels for the years indicated:

	2023		2024		2025	
	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Distribution	52,726	29.1	122,539	26.3	154,865	27.0
Direct sales	23,219	38.2	56,469	28.2	74,815	26.6
Write-down of inventories	(18,919)	N/A	(22,781)	N/A	(21,654)	N/A
Total	**57,026**	**23.6**	**156,227**	**23.4**	**208,026**	**24.3**

Our gross profit margin of the direct sales decreased from 38.2% in 2023 to 28.2% in 2024, and further to 26.6% in 2025. The relative higher gross margin in 2023 for direct sales was mainly driven by (i) a high proportion of specific smart audio products with higher gross margins within the total sales to direct customers, and (ii) a non-recurring revenue from sales of our proprietary software which carried higher margins. While the decrease in our direct sales gross margin in 2024 and 2025 was primarily attributable to our efforts to maintain long term relationships with our key direct customers, given their high procurement volumes and significant bargaining power. These key customers are subject to periodic price adjustments under individual commercial arrangements, a practice that aligns with industry norms. Separately, the gross profit margin for direct sales was slightly lower than that of distribution channels in 2025, primarily because (i) certain distributor customers with higher gross margin contributed more revenue in 2025; and (ii) we acquired new downstream customers who also seek for cooperation with suppliers like us which are able to provide direct and customized service with more competitive prices as compared to that offered through distributors.

Other Income

During the Track Record Period, our other income primarily consists of (i) government grants, representing unconditional government grants received from the PRC authorities to support our operating activities; (ii) Value-added tax (VAT) additional deduction, also known as the VAT Super-deduction, related to a preferential tax policy in China that allows eligible taxpayers to reduce their tax payable by an additional percentage based on their creditable input VAT; and (iii) interest income, primarily representing the income on our term deposits and bank balances.

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	14,902	3,320	9,981
Value-added tax additional deduction	–	–	12,494
Interest income	557	560	1,150
Others	63	293	251
Total	**15,522**	**4,173**	**23,876**

Government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives rewarding our support and contribution for the development of local economies. These government grants are one-off in nature and are unconditional.

Other Gains and Losses

During the Track Record Period, our other gains and losses consist primarily of (i) the fair value gains on our financial assets at FVTPL mainly representing the investment income generated from unlisted financial products; (ii) gains on disposal of property and equipment and early termination of lease; (iii) net foreign exchange gains and losses driven by the fluctuations in exchange rates of difference currencies; (iv) provision for litigation arising from ongoing intellectual property legal proceedings; and (v) others.

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net gain on fair value changes of financial assets measured at FVTPL	8,584	1,576	4,177
Net gain/(losses) on disposal of property and equipment and early termination of lease	4	120	(28)
Net foreign exchange gain (losses)	1,014	606	1,411
Provision for litigation	–	–	(4,201)
Others	(9)	(22)	(45)
Total	**9,593**	**2,280**	**1,314**

Our net gain on fair value changes of financial assets measured at FVTPL mainly represents the net gain on fair value changes of wealth management product with low interest rate and low risk. The fluctuations of fair value changes during the Track Record Period were primarily in line with the average balance of our wealth management product driven by the our cash management plan.

In 2025, we recognized a provision for litigation of RMB4.2 million, representing the estimated compensation in connection with an ongoing intellectual property dispute. For details, see Business — Legal Proceedings and Compliance — Legal Proceeding C to this document.

Loss on fair value change of financial liabilities at FVTPL

Loss on fair value change of financial liabilities at FVTPL mainly represents the preferential right, historically conferred to our minority shareholders. In 2023, 2024 and 2025, our loss on fair value change of financial liabilities at FVTPL amounted to RMB41.3 million, RMB40.5 million and RMB16.5 million. The significant decrease from RMB40.5 million in 2024 to RMB16.5 million in 2025 was primarily attributable to the termination of the financial liabilities on July 31, 2025 pursuant to the shareholders' agreements. For details, see Note 23 of the Accountants' Report set out in Appendix I to this document.

Impairment Losses under ECL Model

During the Track Record Period, our impairment losses on financial assets mainly stem from the allowance of ECLs on trade receivables in the ordinary court of business. We recorded impairment losses under ECL model, net of reversal, of RMB0.3 million, RMB2.6 million and a reversal of RMB2.7 million in 2023, 2024 and 2025, respectively, mainly reflecting the fluctuations in balance of our trade receivables as well as the ECL rates, and the individual assessment on impairment by the management. For details, see "— Discussion of Key Balance Sheet Items — Trade Receivables, Prepayments and Other Receivables."

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses consisted mainly of (i) staff costs and benefits, representing salaries and wages, retirement benefits and staff welfare of our sales and marketing staff; (ii) share-based payment expenses; (iii) business development expenses; and (iv) other expenses.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Staff cost	21,164	52.1	27,746	57.8	35,476	72.2
Share-based payment expenses	12,530	30.9	8,468	17.6	2,573	5.2
Business development expenses	6,198	15.3	7,274	15.2	7,880	16.0
Other expenses	695	1.7	4,512	9.4	3,259	6.6
Total	**40,587**	**100.0**	**48,000**	**100.0**	**49,188**	**100.0**

In 2023, 2024 and 2025, our selling and distribution expenses accounted for 16.8%. 7.2% and 5.8% of our revenue in the same periods, respectively.

General and Administrative Expenses

During the Track Record Period, our general and administrative expenses consisted primarily of (i) staff costs, representing salaries and wages, retirement benefits and staff welfare of our management and supporting staff; (ii) share-based payment expenses; (iii) depreciation and amortisation; (iv) consulting fee; (v) management fee and utilities expenses; and (vi) other expenses.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Staff costs	8,328	29.3	10,250	41.5	13,108	40.9
Share-based payment expenses	10,141	35.7	2,883	11.7	1,397	4.4
Depreciation and amortisation	3,398	11.9	4,297	17.4	5,907	18.4
Consulting fee	3,019	10.6	2,467	10.0	5,842	18.2

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Management fee and utilities expenses	2,430	8.5	2,992	12.1	3,922	12.2
Others	1,129	4.0	1,783	7.3	1,906	5.9
Total	**28,445**	**100.0**	**24,672**	**100.0**	**32,082**	**100.0**

In 2023, 2024 and 2025, our general and administrative expenses accounted for 11.8%, 3.7% and 3.8% of our revenue, respectively.

Research and Development Expenses

During the Track Record Period, our research and development expenses consisted mainly of (i) staff costs, representing the salaries, bonus and welfare paid for our R&D staff; (ii) share-based payment expenses; (iii) depreciation and amortisation; (iv) material consumed, representing our expenses incurred for wafer tape-out and testing; and (vi) other expenses.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Staff cost	40,506	49.7	45,751	59.3	50,510	56.0
Material Consumed	17,853	21.9	20,022	26.0	33,568	37.1
Share-based payment expenses	20,466	25.1	9,154	11.9	3,739	4.1
Depreciation and amortisation	1,390	1.7	1,040	1.3	848	0.9
Other expenses	1,236	1.6	1,136	1.5	1,724	1.9
Total	**81,451**	**100.0**	**77,103**	**100.0**	**90,389**	**100.0**

In 2023, 2024 and 2025, our research and development expenses accounted for 33.7%, 11.6% and 10.6% of our revenue, respectively.

Finance Costs

During the Track Record Period, our finance costs consisted mainly of interest on bank borrowings and 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 bank borrowings	20	475	1,006
Interest on lease liabilities	142	272	255
Total	**162**	**747**	**1,261**

Income Tax Expense

Our income tax expense primarily consists of income tax payable by us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled. In China, our taxable income is generally subject to a statutory income tax rate of 25%, except for our Company and certain PRC subsidiaries that enjoy preferential tax rates. The Hong Kong Profits Tax of our qualifying entity is calculated at 8.25% on the first HK$2.0 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2.0 million.

(Loss)/Profit for the Year

Our loss for the year of RMB110.1 million in 2023 were primarily due to (i) recognition of equity-settled share-based payments expenses of RMB43.4 million, and (ii) loss on fair value change of financial liabilities at FVTPL of RMB41.3 million. We recorded profit of RMB9.7 million and RMB26.5 million in 2024 and 2025, respectively, primarily attributable to the decrease of in equity share-based payment expenses and the decrease in the loss on fair value change of financial liabilities at FVTPL, partially offset by the increase in the [**REDACTED**] expenses related to our [**REDACTED**] in 2025. Concurrently, our revenue increased from RMB242.0 million in 2023 to RMB666.6 million in 2024 and further increased to RMB854.7 million in 2025, which in turn supported our overall profitability.

YEAR-ON-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 28.2% from RMB666.6 million in 2024 to RMB854.7 million in 2025, mainly driven by an increase in revenue contributed by our intelligent sensing products as a result of the sustained customer demand and an extended product portfolio.

Intelligent Sensing Products — Optical Sensing: Our revenue generated from sales of optical sensing products decreased from RMB299.5 million in 2024 to RMB270.9 million in 2025, primarily because our ASP of optical sensing products decreased from RMB1.1 to RMB0.8 driven by the competitive pricing strategy and price erosion in line with the industry norm, alongside the periodic price adjustments for key customers which offset the increase in our sales volume.

Intelligent Sensing Products — Smart Audio: Our revenue generated from sales of smart audio products increased from RMB244.6 million in 2024 to RMB382.7 million in 2025 primarily as a result of the increased sales volume and increased ASP of our smart audio products. Such sales volume increases were driven by our enhanced product competitiveness and diversified product portfolio, underpinned by the continuous roll-out of next-generation products.

Intelligent Sensing Products — Haptics: Our revenue generated from sales of haptics products increased from RMB29.4 million in 2024 to RMB54.5 million in 2025, in line with the growth in sales volume from 20.7 million pieces to 43.1 million pieces, primarily attributable to the successful ramp-up of large-scale production since the second half of 2024, coupled with rising demand from both new and existing customers, and the broadened product application scenarios.

Machine Vision Products: The revenue increased from RMB46.4 million in 2024 to RMB70.7 million in 2025 primarily driven by successful new customer acquisition, increased demand from our existing client base and the launch of our new-generation product.

Imaging Technology Products: The revenue increased from RMB46.5 million in 2024 to RMB71.2 million in 2025, in line with the growth in sales volume from 32.8 million pieces to 48.6 million pieces, primarily attributable to the heightened demand from both our newly acquired and existing clients, as we had driven industry trends following the robust market adoption by clients in 2025.

Other business: Revenue from our other business increased from RMB88 thousand in 2024 to RMB4.8 million in 2025.

Cost of Sales

Our cost of sales increased by 26.7% from RMB510.4 million in 2024 to RMB646.7 million in 2025, primarily as a result of the increased procurement volume of raw materials in line with the revenue growth of intelligent sensing products, machine vision products and imaging technology products.

Intelligent sensing products: Our costs of sales for intelligent sensing products increased to RMB557.3 million in 2025, primarily due to the continued demand for our smart audio amplifier ICs, optical sensing products and haptics products.

Machine vision products: Our costs of sales for machine vision products further increased to RMB52.6 million in 2025, reflecting larger sales volume.

Imaging technology products: Our cost of sales for imaging technology products increased to RMB35.9 million in 2025, mainly due to the increase in sales volume of our imaging technology products in parallel with our business expansion.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased from RMB156.2 million in 2024 to RMB208.0 million in 2025. Our gross profit margin increased slightly from 23.4% to 24.3%, primarily due to (i) the increase in gross profit margin for our machine vision products and imaging technology products, and (ii) the increase in portion of revenue generated by these two kind of products in 2025.

Intelligent Sensing Products — Optical Sensing: The gross profit of optical sensing products decreased from RMB77.9 million in 2024 to RMB64.2 million in 2025, primarily because our ASP of optical sensing products decreased from RMB1.1 to RMB0.8 driven by the competitive pricing strategy and price erosion in line with the industry norm, alongside the periodic price adjustments for key customers. And the gross profit margin decreased from 26.0% in 2024 to 23.7% in 2025 primarily reflecting the downward adjustment in the ASP of our optical sensing products, as discussed above.

Intelligent Sensing Products — Smart Audio: The gross profit of smart audio products increased from RMB41.7 million in 2024 to RMB63.1 million in 2025, primarily due to the increase of sales volume as a result of our enhanced product competitiveness and diversified product portfolio, underpinned by the continuous roll-out of next-generation products. While the gross profit margin decreased from 17.1% in 2024 to 16.5% in 2025 primarily due to an increase in write-down of inventories for smart audio products, reflecting the decline in the net realizable value of the certain legacy smart audio products.

Intelligent Sensing Products — Haptics: The gross profit of haptics products increased from RMB12.2 million in 2024 to RMB23.4 million in 2025, primarily because our revenue derived from these product increased significantly driven by the rising demand from customers and broadened product application scenarios. The gross profit margin slightly increased from 41.6% in 2024 to 42.9% in 2025, primarily due to the reduction in unit costs as we secured more favorable pricing terms from our manufacturing partners upon achieving mass production scale. However, our ability to sustain a robust gross margin above 40% despite this industry-wide trend is attributable to the economic moat we have established. As one of the only two major suppliers in the domestic market capable of mass production for these products, we benefit from a favorable position with pricing resilience, allowing us to maintain a premium pricing level relative to the broader market.

Machine Vision Products: The gross profit of machine vision products increased from RMB5.6 million in 2024 to RMB18.1 million in 2025, primarily driven by the increasing sales volume as our machine vision product entered into a rapid scaling phase, characterized by accelerated market penetration and robust demand growth. While the gross profit margin increased from 12.0% in 2024 to 25.6% in 2025, primarily attributable to supply chain optimization, specifically, (i) the active diversification of our supplier network to include more cost-advantageous partners to reduce procurement costs; and (ii) enhanced collaboration with suppliers to maintain stable relationship to better manage the quality and cost control, such as product yield rates, improvement and on-time delivery, thereby further lowering our unit costs.

Imaging Technology Products: The gross profit of imaging technology products increased from RMB18.7 million in 2024 to RMB35.3 million in 2025, primarily attributable to the increasing sales volume driven by the robust market adoption by clients, and the increasing ASP resulting from an optimized product mix characterized by an increased sales contribution from products with higher ASP. The gross profit margin increased from 40.3% in 2024 to 49.6% in 2025 primarily driven by supply chain optimization which lowered our overall production costs, coupled with a favorable shift in our product mix characterized by an increased sales contribution from products with higher gross margin.

Other Income

Our other income increased significantly from RMB4.2 million in 2024 to RMB23.9 million in 2025, primarily due to (i) an increase of RMB12.5 million in the additional deduction of value-added tax, consistent with our substantial revenue expansion during the year, and (ii) the increase in government grants in connection with our research and development.

Other Gains and Losses

Our other gains decreased by 42.4% from RMB2.3 million in 2024 to RMB1.3 million in 2025, primarily driven by provision for litigation of RMB4.2 million reflecting the estimated compensation in connection with an ongoing intellectual property dispute as aforementioned, (For details, see Business — Legal Proceedings and Compliance — Legal Proceeding C to this document.) partially offset by an increase of RMB2.6 million in the fair value of financial assets at FVTPL.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable from RMB48.0 million in 2024 to RMB49.2 million in 2025.

General and Administrative Expenses

Our general and administrative expenses increased from RMB24.7 million in 2024 to RMB32.1 million in 2025 primarily attributable to (i) the increase of RMB2.9 million in staff costs driven by the expansion of our management team to support our continuous business growth, and (ii) the increase of RMB3.4 million in consulting fee, primarily consisting legal costs arising from intellectual property-related legal proceedings, as well as advisory fees incurred in connection with our financing activities.

Research and Development Expenses

Our research and development expenses increased by 17.2% from RMB77.1 million in 2024 to RMB90.4 million in 2025, primarily attributable to (i) the increase of RMB4.8 million in staff costs as a result of increased investment in R&D talent driven by our business expansion, and (ii) the increase of RMB13.5 million in material consumed driven by the expansion of R&D activities, particularly for the development of new products, partially offset by a decrease of RMB5.4 million in share based payment expenses, reflecting the fact that several equity grants were fully amortized before 2025.

Impairment Losses under ECL Model

We recorded a reversal of impairment losses of RMB2.7 million in 2025, as compared to impairment losses of RMB2.6 million recognized under the ECL model in 2024, primarily due to a significant decrease in allowance for impairment of trade receivables in line with the decrease of balance of trade receivables and ECL rate.

Finance Costs

Our finance costs increased significantly from RMB0.7 million in 2024 to RMB1.3 million in 2025, primarily driven by increase of RMB0.5 million in interest on borrowings.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB40.7 million in 2024, primarily due to the first time recognition of deferred tax assets arising from the deductible temporary differences of the Company that is probable to be utilised with sufficient taxable profits of the Company in the foreseeable future. We recorded income tax credit of RMB0.4 million in 2025, primarily because we enjoyed a super deduction of 100% on qualified research and development expenditures in 2025 pursuant to the relevant laws and regulations in PRC.

Profit for the Year

As a result of (i) continuous revenue growth resulting from an expansion in sales volume, which was underpinned by enhanced market adoption of our products, and (ii) the substantial decrease in loss on fair value change of financial liabilities at FVTPL from RMB40.5 million in 2024 to RMB16.5 million in 2025, our profit for the year increased from RMB9.7 million in 2024 to RMB26.5 million in 2025.

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

Revenue

Our revenue increased significantly by 175.4% from RMB242.0 million in 2023 to RMB666.6 million in 2024, primarily due to the increases in revenue across all of our major business segments, including intelligent sensing products, machine vision products, and imaging technology products, demonstrating both the scale-up of our established categories and the commercialization of new product lines.

Intelligent Sensing Products — Optical Sensing: Our revenue generated from sales of optical sensing products increased significantly from RMB93.1 million in 2023 to RMB299.5 million in 2024, primarily driven by a substantial increase in sales volume, attributable to the competitive pricing strategy and a rising industry trend of domestic substitution of chips. We successfully capitalized on this trend by leveraging our cost competitiveness and responsive service capabilities to secure orders from domestic clients due to geographic proximity.

Intelligent Sensing Products — Smart Audio: Our revenue generated from sales of smart audio products increased significantly from RMB143.4 million in 2023 to RMB244.6 million in 2024 primarily as a result of increasing sales volume of our smart audio products driven by our enhanced product competitiveness, diversified product portfolio and competitive pricing strategy.

Intelligent Sensing Products — Haptics: Our revenue generated from sales of haptics products increased significantly from RMB39.0 thousand in 2023 to RMB29.4 million in 2024, primarily because our haptics products progressed from the trial production stage in 2023 to mass production and commercial sales in 2024.

Machine Vision Products: Our revenue generated from sales of machine vision products increased to from RMB0.8 million in 2023 to RMB46.4 million in 2024 primarily because our machine vision products progressed to mass production and commercial sales in 2024.

Imaging Technology Products: Our revenue generated from sales of imaging technology products increased significantly from RMB11.0 thousand in 2023 to RMB46.5 million in 2024, primarily due to massive production and commercial sales in 2024.

Other business: Revenue from our other business decreased from RMB4.8 million in 2023 to RMB88.0 thousand in 2024, mainly attributable to settlement of our project-based contracts in 2024.

Cost of Sales

Our cost of sales increased by 175.8% from RMB185.0 million in 2023 to RMB510.4 million in 2024, primarily driven by the growth in our cost of sales in intelligent sensing products and machine visions products in line with the expansion of our business lines.

Intelligent sensing products: Our cost of sales for intelligent sensing products increased to RMB441.7 million in 2024 compared with RMB178.9 million in 2023, reflecting the growth in sales volume in both smart audio amplifier ICs and optical sensing products.

Machine vision products: Our cost of sales for machine vision products grew significantly from RMB1.6 million in 2023 to RMB40.9 million in 2024, attributable to the increased delivery of 3D iToF image sensors in the corresponding periods.

Imaging technology products: Our cost of sales for imaging technology products increased from RMB3.8 million in 2023 to RMB27.8 million in 2024, primarily due to the increased sales volume of our imaging technology products.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit rose significantly from RMB57.0 million in 2023 to RMB156.2 million in 2024, driven by revenue expansion across all three major product categories. Our gross profit margin remained relatively stable at 23.4% in 2024, compared with 23.6% in 2023.

Intelligent Sensing Products — Optical Sensing: The gross profit of optical sensing products increased from RMB30.3 million in 2023 to RMB77.9 million in 2024, primarily due to the increase of sales volume as a result of domestic substitution of chips. While the gross profit margin decreased from 32.5% in 2023 to 26.0% in 2024 primarily because our ASP of optical sensing products decreased from RMB1.5 to RMB1.1 due to the competitive pricing strategy, price erosion in line with the industry norm and periodic price adjustments for key customers..

Intelligent Sensing Products — Smart Audio: The gross profit of smart audio products increased from RMB28.3 million in 2023 to RMB41.7 million in 2024, primarily due to the increase of sales volume as a result of our enhanced product competitiveness, diversified product portfolio and the competitive pricing strategy which was effectively demonstrated for that period. While the gross profit margin decreased from 19.7% in 2023 to 17.1% in 2024 primarily because our ASP of smart audio products decreased from RMB1.0 to RMB0.8 due to the competitive pricing strategy and price erosion in line the industry norm.

Intelligent Sensing Products — Haptics: The gross loss of haptics products was RMB1.0 million with a gross loss margin of 2,579.5% in 2023 primarily because revenue was limited to demo sales during the trial production stage, with costs significantly outpacing revenue, leading to a gross loss in 2023. As the transition to mass production and commercial sales in 2024, coupled with cost reductions driven by economies of scale, we generated a gross profit of RMB12.2 million and a gross profit margin of 41.6% in 2024.

Machine Vision Products: We turned from a gross loss of RMB0.9 million in 2023 to gross profit of RMB5.6 million in 2024 because our machine vision products progressed from the trial production stage in 2023 to mass production and commercial sales in 2024. Following our successful transition to mass production and commercial sales in the second half of 2024, the gross profit margin for this product stabilized at approximately 12.0%. We consider this level to be representative of the normalized profitability profile for this product, reflecting our strategy to facilitate rapid market penetration and foster long-term, stable collaborations with strategic customers in this newly commercialized segment.

Imaging Technology Products: The gross loss of imaging technology products was RMB3.8 million with a gross loss margin of 34,172.7% in 2023 primarily because we recognized a write-down of inventories of RMB3.8 million for imaging technology products driven by product iteration, as we launched new products as substitutions for the existing products. As the transition to mass production and commercial sales, coupled with cost reductions driven by economies of scale, we generated a gross profit of RMB18.7 million and a gross profit margin of 40.3% in 2024.

Other Income

Our other income decreased by 73.1% from RMB15.5 million in 2023 to RMB4.2 million in 2024, primarily due to a decrease of RMB11.6 million in government grants.

Other Gains and Losses

Our other gains and losses decreased significantly by 76.2% from RMB9.6 million in 2023 to RMB2.3 million in 2024, primarily due to a decline of RMB7.0 million in fair value gains of financial assets at FVTPL as a result of our reduced purchase in wealth management products in 2024. We recorded foreign exchange gains of RMB0.6 million in 2024, as compared to RMB1.0 million in 2023, mainly due to the fluctuations of foreign currencies.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 18.3% from RMB40.6 million in 2023 to RMB48.0 million in 2024, primarily attributable to (i) an increase of RMB6.6 million in staff costs (excluding share-based payments); and (ii) an increase of RMB1.1 million in business development expenses.

General and Administrative Expenses

Our general and administrative expenses decreased by 13.3% from RMB28.4 million in 2023 to RMB24.7 million in 2024, primarily due to the decrease in share-based payment in 2024 partly offset by the increase in our staff costs (excluding share-based payment expenses) in line with the growth of our business.

Research and Development Expenses

Our research and development expenses decreased by 5.3% from RMB81.5 million in 2023 to RMB77.1 million in 2024, mainly due to a decrease of RMB11.3 million in share-based payment expenses recognized in 2024, partially offset by the increase of RMB5.2 million in staff cost in 2024 driven by the expansion of our business.

Impairment Losses under ECL Model

Our impairment losses under ECL model, net of reversal, increased significantly from RMB0.3 million in 2023 to RMB2.6 million in 2024, primarily due to the significant increase in our trade receivables and other receivables, in the corresponding periods in parallel with our business expansion.

Finance Costs

Our finance costs increased from RMB0.2 million in 2023 to RMB0.7 million in 2024, primarily attributable to higher interest expenses arising from the amount of new bank loan raise.

Income Tax Credit

We recorded nil and RMB40.7 million in income tax credit in 2023 and 2024, primarily due to the recognition of deductible temporary difference and tax losses in 2024.

(Loss)/Profit for the Year

As a result of (i) revenue growth driven by the transition of our new products from trial production to large-scale mass production, and (ii) deferred tax assets ("DTA") generated from accumulated losses related to prior years, we achieved a turnaround from a net loss of RMB110.1 million in 2023 to a net profit of RMB9.7 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets				
Inventories	113,317	283,920	206,265	228,554
Trade receivables, prepayments and other receivables	185,947	313,542	154,009	175,297
Financial assets at FVTPL	–	–	–	540,000
Cash and cash equivalents	186,582	33,899	717,257	107,612
Total current assets	**485,846**	**631,361**	**1,077,531**	**1,051,463**

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current liabilities				
Trade and other payables	61,877	124,548	89,469	72,134
Contract liabilities	3,005	3,047	3,480	3,824
Borrowing	–	70,000	–	–
Tax payable	64	71	26	25
Financial liabilities at FVTPL	1,012,806	1,053,274	–	–
Lease liabilities	849	2,222	3,147	3,088
Total current liabilities	**1,078,601**	**1,253,162**	**96,122**	**79,071**
Net current (liabilities)/assets	**(592,755)**	**(621,801)**	**981,409**	**972,392**

Our net current liabilities increased from RMB592.8 million as of December 31, 2023 to RMB621.8 million as of December 31, 2024, primary due to (i) an increase of RMB70.0 million in borrowings from nil; (ii) an increase of RMB62.7 million in trade and other payables from RMB61.9 million in parallel with our business expansion; and (iii) a decrease of RMB152.7 million in cash and cash equivalents primarily as a result of our utilization of cash in connection with our operating activities, partially offset by an increase of RMB170.6 million in inventories.

Our financial position improved to net current assets of RMB981.4 million as of December 31, 2025, compared to net current liabilities of RMB621.8 million as of December 31, 2024, primarily due to (i) a decrease of RMB1,053.3 million in financial liabilities at FVTPL as a result of the derecognition of this account pursuant to the shareholders' agreements as aforementioned reason; (ii) a decrease of RMB70.0 million in borrowings since we fully repaid all outstanding borrowings in 2025; and (iii) an increase of RMB683.4 million in cash and cash equivalents as a result of capital contributions from shareholders and net cash generated from operating activities, driven by the improved operational performance.

Our net current assets slightly decreased from RMB981.4 million as of December 31, 2025 to RMB972.4 million as of February 28, 2026, primarily due to a decrease of RMB609.6 million in cash and cash equivalents as we allocated idle funds to purchase wealth management products and settled year-end bonuses, partial offset by (i) an increase of RMB540.0 million in financial assets at FVTPL driven by investments in wealth management products with idle funds, (ii) an increase of RMB22.3 million in inventories as our shipment volume slightly decreased due to the Chinese New Year holiday in February 2026, (iii) an increase of RMB21.3 million in trade receivables, prepayments and other receivable as we granted credit terms of 30 days to certain customers who previously settled on a cash basis, and (iv) a decrease of RMB17.3 million in trade and other payable as we settled the full-year bonuses accrued as of December 31, 2025.

We had net liabilities of RMB548.6 million and RMB518.6 million as of December 31, 2023 and 2024 and net assets of RMB1,095.8 million as of December 31, 2025, which were resulted from the net movement of the profit/(loss) and total comprehensive (expense)/income for the year, equity-settled share-based transactions, preferential rights cancelled and termination of Company's obligations arising from preferential rights granted to the investors.

Our net liabilities decreased from RMB548.6 million as of December 31, 2023 to RMB518.6 million as of December 31, 2024 due to the recognition of net profit of RMB9.7 million in 2024, and equity-settled share-based transactions amounting to RMB20.9 million.

Our net liabilities of RMB518.6 million as of December 31, 2024 turned into net assets of RMB1,095.8 million as of December 31, 2025 due to termination of the Company's obligations arising from preferential rights granted to the investors amounting to RMB1,579.4 million, the recognition of net profit of RMB26.5 million in 2025 and equity-settled share-based transactions amounting to RMB8.0 million.

Property, Plant and Equipment

Our property, plant and equipment consist mainly of (i) machinery and equipment, (ii) electronic devices, (iii) motor vehicles and (iv) leasehold improvements. The following table sets forth the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Machinery and equipment	28,271	46,481	43,190
Electronic devices	5,388	4,684	7,293
Motor vehicles	11	221	380
Leasehold improvements	633	503	2,275
Total	**34,303**	**51,889**	**53,138**

Our property, plant and equipment increased from RMB34.3 million as of December 31, 2023 to RMB51.9 million as of December 31, 2024, and further increased to RMB53.1 million as of December 31, 2025, primarily due to (i) the increased needs of machinery and equipment and electronic devices to cater to our testing demands in light of our sustained business growth and (ii) an increase of RMB1.8 million in leasehold improvements as a result of the renovation and enhancement of our office premises in 2025.

Right-of-use Assets

Our right-of-use assets represent our long-term leased properties and spaces in connection with our operations. Right-of-use assets increased from RMB2.2 million as of December 31, 2023 to RMB5.5 million as of December 31, 2024, and further increased to RMB9.6 million, primarily due to an addition to leased properties of meet the growing needs of our operations.

Intangible Assets

Our intangible assets mainly include our ERP system and Electronic Design Automation (EDA) software. Our intangible assets decreased from RMB0.4 million as of December 31, 2023 to RMB0.2 million as of December 31, 2024 primarily due to the amortization of ERP system. Our intangible assets increased from RMB0.2 million as of December 31, 2024 to RMB9.0 million as of December 31, 2025, primarily attributable to the procurement of EDA software to enhance our R&D capabilities and streamline our integrated circuit design processes.

Equity Instrument at FVTOCI

Our equity instrument at FVTOCI represent our equity investment in a private entity. The following table sets forth the fair value of our equity instrument as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investment	6,441	5,999	6,129

Our unlisted equity investment remain relatively stable at RMB6.4 million, RMB6.0 million and RMB6.1 million as of December 31, 2023, 2024 and 2025, respectively. Our equity instrument at FVTOCI decreased slightly from RMB6.4 million as of December 31, 2023 to RMB6.0 million as of December 31, 2024, mainly as a result of the decline in fair value of the equity investments in the private entity in the corresponding periods. For details, see Note 17 of the Accountants' Report in Appendix I to this document.

Trade Receivables, Prepayment and Other Receivables

Our trade and receivables, prepayment and other receivables comprise mainly of (i) trade receivables, represent receivables from our customers in connection with our products; (ii) prepayment to suppliers; (iii) prepayment for the utilities and others; (iv) value-added tax recoverable; (v) rental deposits; (vi) other receivables from the independent customs brokers; (vii) other receivables from Share Incentive Platform; and (viii) others. The following table sets forth the trade and receivables, prepayment and other receivables, as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables *(i)*	47,311	159,738	88,707
Less: loss allowance for trade receivables	(847)	(2,820)	(852)
	46,464	156,918	87,855
Prepayment to suppliers	70,812	33,266	32,587
Prepayment for the utilities and others	468	394	837
Prepaid income tax	–	2,123	–
Value-added tax recoverable	10,568	17,140	145
Rental deposits	520	631	867
Others receivables from Share Incentive Platform *(ii)*	31,226	31,226	–
Other receivables – deferred issue costs *(iv)*	–	–	8,871
Amounts due from a related party	–	–	858
Others	1,849	1,874	1,829
Other receivables from the independent customs brokers *(iii)*	26,670	73,497	22,843
Less: loss allowance for other receivables	(362)	(1,047)	(312)
Total prepayment and other receivables	141,751	159,104	68,525
	188,215	**316,022**	**156,380**

Notes:

(i) As at January 1, 2023, our trade receivables from contracts with customers amounted to RMB22,805,000 and RMB27,139,000 (net of loss allowance of RMB490,000 and RMB367,000), respectively.

(ii) The amount represents the outstanding receivables from Share Incentive Platform related to respective shareholdings paid-in capital. Such amounts were settled in July 2025.

(iii) We entered into various sales and purchase agreements with independent customs brokers, pursuant to which the independent customs brokers would provide export custom services to us.

(iv) Deferred issue costs represent the qualifying portion of issue costs incurred up to December 31, 2025, which will be debited to equity as share issue costs in respect of the issue of new shares upon the [**REDACTED**] of the H shares on The Main Board of the Stock Exchange of Hong Kong Limited (the "[**REDACTED**]").

Our trade receivables, prepayment and other receivables increased by 67.9% from December 31, 2023 to December 31, 2024, mainly as a result of an increase of RMB110.5 million in trade receivables. The increases in our trade receivables, prepayment and other receivables were generally in line with our revenue growth in the corresponding periods. Our other receivables from the independent customs brokers amounted to RMB26.7 million and RMB73.5 million as of December 31, 2023 and 2024. The changes mainly reflect the growth in our revenue in the respective period. Our trade receivables, prepayment and other receivables decreased by RMB159.6 million from December 31, 2024 to December 31, 2025, primarily attributable to (i) the decrease of RMB71.0 million in trade receivables and a decrease of RMB50.7 million in other receivables from the independent customs brokers as a result of our intensified and effective collection efforts in 2025, coupled with an optimized aging profile of our customer base, characterized by a higher proportion of clients with shorter credit terms, (ii) a decrease of RMB31.2 million in other receivables from share incentive platform due to the settlement of such amounts in July 2025; and (iii) a decrease of RMB 17.0 million in value-added tax recoverable as we generate sufficient output value-added tax arising from our revenue to offset the value-added tax recoverable recognized in prior years.

The following table sets forth an aging analysis of our trade receivables, prepayment and other receivables, at the end of each year of the Track Record Period:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	46,464	156,918	87,855

We typically set forth the trading terms with our customers in the relevant sales contracts. During the Track Record Period, we believe that we have implemented effective credit management system and policies. We normally provide our customers with a credit term of 0 to 90 days subject to the creditworthiness of the relevant customers according to our customer credit management system. We seek to maintain strict control over our outstanding receivables and have a designated credit control department to minimize the credit risk.

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

	As of December 31,		
	2023	2024	2025
Trade receivables turnover days	52.5	55.9	52.3

Note: Trade receivables turnover days for each year equals the average of the beginning and ending balances of trade receivables for that year divided by revenue for that year and multiplied by 360 days for 2023, 2024 and 2025.

The turnover days of our trade receivables remained relatively stable at 52.5 days in 2023 and 55.9 days in 2024. The turnover days of our trade receivables decreased from 55.9 days to 52.3 days primarily attributable to enhanced collection efficiency and an optimized customer mix featuring a higher proportion of clients with shorter credit terms.

We determine the ECL based on the historical credit loss experience to reflect current conditions and estimates of future economic conditions. As of the December 31, 2023, 2024 and 2025, we recorded loss allowance for trade receivables of RMB0.8 million, RMB2.8 million, and RMB0.9 million, respectively.

We keep monitoring the collection of long-term and/or overdue receivables. In addition, we have taken further actions in line with our management measures to improve the collection of trade receivables and the turnover days, such as strengthening the communication with customers.

We do not anticipate to have any material recoverability issue with outstanding trade receivables given (i) we regularly and closely assess our customers' credit quality and our trade receivables are mainly owed by selected group of customers with good credit profiles and no history of material defaults on their payment obligations in the past; (ii) we have not experienced any material recoverability issues for our trade receivables throughout the Track Record Period; and (iii) we also closely monitor the recoverability status of trade receivables, and enhance our collection efforts, including but not limited to sending demand letters, as appropriate.

As of February 28, 2026, RMB49.0 million or 55.2% of our trade receivables as of December 31, 2025 had been subsequently settled.

Inventories

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	26,993	24,902	38,480
Work in progress	72,563	152,218	95,242
Finished goods	12,965	106,004	68,336
Contract cost	796	796	4,207
Total	**113,317**	**283,920**	**206,265**

Inventories increased from RMB113.3 million as of December 31, 2023 to RMB283.9 million as of December 31, 2024, primarily due to the increases in work in progress and finished goods, mainly as a result of (i) increased sales volume and purchase orders placed by our customers and (ii) our exerted efforts in diversifying our product offerings. Inventories decreased to RMB206.3 million as of December 31, 2025, primarily due to the fulfillment of our customers' orders in the respective year.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within six months			
Intelligent sensing products	91,024	199,832	104,394
Machine vision products	14,347	47,609	14,314
Imaging technology products	14,706	33,219	19,438
Others*	2,206	2,069	4,316
Subtotal	**122,283**	**282,729**	**142,462**
Over six months but within one year			
Intelligent sensing products	10,272	28,661	51,234
Machine vision products	851	2,433	8,721
Imaging technology products	474	6,148	2,631
Others*	97	411	1,242
Subtotal	**11,694**	**37,653**	**63,828**
Over one year			
Intelligent sensing products	5,483	2,707	32,437
Machine vision products	–	2,070	5,881
Imaging technology products	–	2,320	3,944
Others*	–	874	1,722
Subtotal	**5,483**	**7,971**	**43,984**
Total	**139,460**	**328,353**	**250,274**

* Others comprise primarily low-value consumables that are utilized across our diverse product portfolio.

As of December 31, 2023, 2024 and 2025, we had inventories aged over six months of RMB17.2 million, RMB45.6 million and RMB107.8 million, respectively. The significant increase in inventories aged over six months during the Track Record Period was primarily attributable to our rapid business expansion, during which we strategically accumulated inventory in the second half of each year for newly launched products, particularly finished goods and work-in-progress (WIP) for intelligent sensing products, to ensure supply stability for rapid sales expansion and new product ramps. Our WIP inventory mainly consists of consigned materials that are under manufacturing by our third-party providers but yet to complete the full production cycle. As these providers schedule processing based on our manufacturing instructions and their capacity availability, and given that the fabless production process involves several stages encompassing fabrication, coating, chip probing, packaging, and final testing, certain consigned materials may have an aging profile exceeding six months.

We performed prudent assessments of our inventory and recognized write-down of inventories where certain items were deemed obsolete or their net realizable value fell below their carrying value. As of December 31, 2023, 2024 and 2025, the balance of our impairment provisions for inventories amounted to RMB26.9 million, RMB45.2 million and RMB48.2 million, respectively, the majority of which were attributable to inventory provisions for our intelligent sensing products. Going forward, we intend to continually strengthen our inventory management to mitigate potential obsolescence risks.

The following table sets forth a breakdown of our impairment provision of inventories by product category as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Intelligent sensing products	21,782	37,014	44,405
Machine vision products	3,709	3,266	1,988
Imaging technology products	1,448	4,940	1,814
Others	–	9	9
Subtotal	**26,939**	**45,229**	**48,216**

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

	As of December 31,		
	2023	2024	2025
Inventory turnover days	140.9	140.1	136.4

Note: Inventory turnover days for each year/period equals the average of the beginning and ending balances of inventory for that year/period divided by cost of sales for that year/period and multiplied by 360 days for 2023, 2024 and 2025.

As of February 28, 2026, RMB80.2 million, or 31.5% of our inventories as of December 31, 2025 had been subsequently utilized or sold.

Our inventory turnover days remained relatively stable as of December 31, 2023 and 2024. Our inventory turnover days decreased to 136.4 days as of December 31, 2025, mainly as a result of strong market demand for our product and the rapid sales of our newly launched products, which led to more efficient inventory management and a faster turn over rate.

Measures to strengthening our inventory management and mitigate impairment risk of our inventories

In order to better manage our inventory level and mitigate further write-down on our inventories, we plan to implement the following measures:

(1) We will prioritize to utilize our existing inventories as much as we can to reduce our holding of long-aged inventories. Our procurement team would hold regular meetings monthly with our sales team to obtain information regarding confirmed sales orders placed by our downstream customers. Our procurement team will go through our existing inventories monthly with a view to prioritize utilization of our existing inventories, and only make new purchases if the existing inventories could not fulfil our customers' requirements;

(2) During the Track Record Period, in light of the strong demand of our products, we had placed our orders based on the forecast sales to ensure that we have sufficient raw materials for production monthly. Going forward, our procurement team plans to place orders with our suppliers when the sales orders are confirmed by our customers, and at a prevailing market price of raw materials at the time of placing orders with our suppliers on an as-needed basis. We will communicate with suppliers continuously to ensure that they have sufficient inventories to meet our requirements monthly; and

(3) Our procurement team and sales team will share current market information of raw materials and our products on the cross-team meetings to enable us to take any actions to the changing market conditions monthly.

We believe the above inventory management measures provide agility to us in navigating the inherently cyclical semiconductor industry and to minimize future substantial inventory write-down.

Cash and Cash Equivalents

Our cash and cash equivalents amounted to RMB186.6 million, RMB33.9 million and RMB717.3 million as of December 31, 2023, 2024 and 2025. See "— Liquidity and Capital Resources — Cash Flows" for details.

Trade and Other Payables

Our trade and other payables comprise mainly of (i) trade payables, representing payments due to suppliers for packaging and testing services; (ii) other payable to the independent customs brokers; (iii) accrued payroll and welfares; (iv) payables for acquisition of property and equipment; (v) deposits received from customers, (vi) other tax payables; and (vii) others payables. We are typically given a credit period ranging from 0 to 30 days by our suppliers. The following table sets forth the trade and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	12,688	41,240	40,016
Other payable to the independent customs brokers[1]	21,898	57,961	5,580
Accrued payroll and welfares	14,857	17,543	21,719
Accrued issue costs	–	–	3,588
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payables for acquisition of property and equipment	9,993	75	225
Deposits received from customers	–	5,683	–
Other tax payables	306	379	3,216
Other payables	2,135	1,667	6,074
	49,189	83,308	49,453
	61,877	**124,548**	**89,469**

Note:

(1) During the Track Record Period, we have engaged third-party customs brokers to facilitate the execution of our sales to overseas customers. See "Business — Procurement and Supply — Use of Customs Brokers" for details.

Our trade and other payables increased from RMB61.9 million as of December 31, 2023 to RMB124.5 million as of December 31, 2024, primarily due to an increase in trade payables as a result of our growing procurement from suppliers in the corresponding periods. Our other payable to the independent customs brokers amounted to RMB21.9 million and RMB58.0 million as of December 31, 2023 and 2024. The increases primarily reflect our revenue growth in the same periods. Our trade and other payables decreased from RMB124.5 million to RMB89.5 million from December 31, 2024 to December 31, 2025, primarily due to (i) a decrease of RMB52.4 million in other payable to the independent customs brokers due to the timely settlement of such obligations upon receiving fund transfers from the customers in Hong Kong, and (ii) the full settlement of RMB5.7 million in deposits received from customers which were offset against transactions in 2025, partially offset by an increase of RMB12.6 million in accrued issue costs and accrued [**REDACTED**] expenses reflecting the unpaid professional fees in connection with the [**REDACTED**].

The following table sets forth an aging analysis of our at the end of each year of the Track Record Period:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	12,688	41,240	40,016

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

	As of December 31,		
	2023	**2024**	**2025**
Trade payables turnover days	13.4	19.0	22.6

Note: Trade payables turnover days for each year equals the average of the beginning and ending balances of trade payables for that year divided by cost of sales for that year and multiplied by 360 days for 2023, 2024 and 2025.

Our trade payables turnover days increased from 13.4 days in 2023 to 19.0 days in 2024 and further increased to 22.6 days in 2025 primarily reflecting our enhanced market standing and strengthened bargaining power with suppliers, which enabled us to transition from prepayments to credit-based settlement terms, resulting in a higher average trade payables balance and a corresponding increase in turnover days.

As of February 28, 2026, RMB38.4 million or 95.8% of our trade payables as of December 31, 2025 had been subsequently settled.

Financial Assets at FVTPL

During the Track Record Period, our financial assets at FVTPL consist mainly of wealth management products with reputable banks in the PRC. The financial assets at FVTPL remained at nil as of December 31, 2023, 2024 and 2025, primarily due to the balance of our wealth management products as we utilized the funds for our daily operations. The wealth management products are managed by related banks in the PRC to invest principally in certain financial assets with variable interest rates. As of December 31, 2025, the expected return rate stated in the contracts varies from 1.63% to 3.75% per annum, respectively.

We have implemented a series of internal control policies and protocols in connection with the investment in wealth management products historically to ensure the purpose of the investment is to preserve capital and liquidity until cash is used to fund our primary business and operation. The internal control polices and protocol are set as the following:

- Our Board of Directors reviews and approves the annual cap of our investments in wealth management products;
- Our senior management team is authorized to make investment decisions based on their financial expertise;
- Our financial department are responsible for the analysis and research of investments in wealth management products, as well as the long-term management of such investments;
- Our independent non-executive Directors will also monitor the status of our investments and are competent to report any issues they discovered to our Board; and
- Investments in wealth management products could be made when we have surplus cash that is not required for our short-term working capital purposes and in no event beyond the amount authorized.

To control our risk exposure, we have in the past sought, and may continue in the future to seek for other low-risk financial products with short maturity term. In addition, we primarily invest in financial products offered by reputable commercial banks. Once the investment has been made, we will closely monitor its performance and fair value on a regular basis. We will continue to apply the same approach and keep our risk exposure low while utilizing our temporary unused cash. Our investments in these assets will be subject to compliance with Chapter 14 of the Listing Rules after the [**REDACTED**].

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL mainly represent fair value of our financial liabilities and changes, which include (i) issuance of the new shares with preferential rights and (ii) the cancellation of preferential rights during the year. For further information regarding the financial liabilities at FVTPL including the redemption features, see Note 24 to the Accountants' Report in Appendix I to this document for details.

The financial liabilities at FVTPL increased from RMB1,012.8 million as of December 31, 2023 to RMB1,053.3 million as of December 31, 2024 due to the fair value change of such financial liabilities. Our financial liabilities FVTPL decreased to nil as certain special rights of our Pre-[**REDACTED**] Investors were terminated on July 31, 2025.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash (used in)/from operating activities	(190,146)	(184,838)	270,173
Net cash (used in)/from investing activities	279,088	(35,504)	(17,778)
Net cash from/(used in) financing activities	(1,983)	67,515	430,720
Net increase/(decrease) in cash and cash equivalents	86,959	(152,827)	683,115
Cash and cash equivalents at the beginning of the year/period	99,473	186,582	33,899
Effect of foreign exchange rate changes	150	144	243
Total cash and cash equivalents at end of the year	**186,582**	**33,899**	**717,257**

Operating Activities

In 2025, we had net cash generated from operating activities of RMB270.2 million, primarily consisting of our profit before tax of RMB26.1 million, as adjusted by (i) non-cash and non-operating items, which mainly consisted of share-based payment expenses of RMB8.0 million, allowance for inventories of RMB21.7 million, loss on fair value change of financial liabilities at FVTPL of RMB16.5 million, and depreciation and amortization of RMB7.1 million, partially offset by net foreign exchange gain of RMB1.0 million; and (ii) changes in working capital, which mainly reflected a decrease in inventories of RMB63.5 million, a decrease in trade receivables of RMB71.2 million, and (iii) a decrease in prepayments and other receivables of RMB101.7 million, partially offset by a decrease in trade and other payables of RMB39.4 million.

In 2024, we had net cash used in operating activities of RMB184.8 million, primarily consisting of our loss before tax of RMB30.9 million, as adjusted by (i) non-cash and non-operating items, which mainly consisted of allowance for inventories of RMB22.8 million driven by factors including long-aged, obsolete, and slow-moving inventories, alongside ongoing technological updates and product iteration, share-based payment expenses of RMB20.9 million, loss on fair value change of financial liabilities at FVTPL of RMB40.5 million, and depreciation and amortization of RMB5.6 million, partially offset by net gain on fair value changes of financial assets at FVTPL of RMB1.6 million; and (ii) changes in working capital, which mainly reflected an increase in inventories of RMB187.2 million and an increase in trade receivables RMB113.1 million, partially offset by an increase in trade and other payables of RMB73.2 million.

In 2023, we had net cash used in operating activities of RMB190.1 million, primarily consisting of our loss before tax of RMB110.1 million, as adjusted by (i) non-cash and non-operating items, which mainly consisted of share-based payment expenses of RMB43.4 million, allowance for inventories of RMB18.9 million driven by factors including long-aged, obsolete, and slow-moving inventories, alongside ongoing technological updates and product iteration, loss on fair value change of financial liabilities at FVTPL of RMB41.3 million, and depreciation and amortization of RMB5.0 million, partially offset by net gain on fair value changes of financial assets at FVTPL of RMB8.6 million; and (ii) changes in working capital, which mainly reflected an increase in inventories of RMB100.1 million and an increase in prepayments and other receivables of RMB72.8 million, partially offset by an increase in trade and other payables of RMB14.7 million.

Investing Activities

In 2025, net cash used in investing activities was RMB17.8 million, primarily attributable to purchase of financial assets at FVTPL of RMB682.0 million, purchase of property and equipment of RMB12.4 million and purchase of intangible assets of RMB10.0 million, partially offset by proceeds on the disposal of financial assets at FVTPL of RMB686.2 million and proceeds on the disposal of property and equipment of RMB0.7 million.

In 2024, net cash used in investing activities was RMB35.5 million, primarily attributable to purchase of property and equipment of RMB37.0 million and purchase of financial assets at FVTPL of RMB452.0 million, partially offset by proceeds on the disposal of financial assets at FVTPL of RMB453.6 million and proceeds on the disposal of property and equipment of RMB0.1 million.

In 2023, net cash generated from investing activities was RMB279.1 million, primarily attributable to proceeds on the disposal of financial assets at FVTPL of RMB1,285.7 million, partially offset by purchase of financial assets at FVTPL of RMB986.0 million, purchase of property and equipment of RMB13.0 million and prepayment for the acquisition of property and equipment of RMB7.2 million.

Financing Activities

In 2025, net cash generated from financing activities was RMB430.7 million, primarily attributable to (i) the capital contribution from new shareholders of RMB509.6 million and (ii) new bank borrowings raised of RMB50.0 million, partially offset by repayment of bank borrowings of RMB120.0 million.

In 2024, net cash generated from financing activities was RMB67.5 million, primarily attributable to the new bank borrowings raised of RMB110.0 million, partially offset by (i) repayment of bank borrowings of RMB40.0 million and (ii) payments of lease liabilities of RMB2.0 million.

In 2023, net cash used in financing activities was RMB2.0 million, primarily attributable to (i) repayment of bank borrowings of RMB8.0 million and (ii) payments of lease liabilities of RMB2.0 million, partially offset by the new bank borrowings raised of RMB8.0 million.

Working Capital Sufficiency

Our Directors are of the opinion that, taking into account the estimated net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including expected cash generated from operating activities, we have sufficient working capital to cover our costs, including research and development expenses, selling expenses, general and administrative expenses and other operating costs, for the next 12 months from the date of this document.

As of December 31, 2025, we had RMB717.3 million in cash and cash equivalents. As of December 31, 2025, we had committed unutilized banking facilities of RMB100.0 million, and we may seek further banking facilities depending on our financing needs. In addition, we expect to receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, based on the low-end [**REDACTED**] of HK$[**REDACTED**] per Share.

During the Track Record Period, we have implemented stringent cash management measures to regularly review our cash position and optimize allocation to support our operations.

CAPITAL EXPENDITURE

We regularly incur capital expenditures to expand our operations and enhance our operational efficiency. Our capital expenditures principally comprise expenditures for purchases of property, plant, and equipment as well as intangible assets related to our production and R&D activities. We have funded, and expect to continue to fund, our capital expenditures mainly from cash from operations and from financing activities. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate. In 2023, 2024 and 2025, we recorded capital expenditures of RMB13.3 million, RMB37.0 million, and RMB22.4 million, respectively.

INDEBTEDNESS

During the Track Record Period, our indebtedness consisted mainly of financial liabilities at FVTPL, bank borrowings and lease liabilities. As of December 31, 2025, being the latest practicable date for the purpose of the indebtedness statement, except as disclosed in this document, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. As of December 31, 2025, the preferential special rights granted to certain Pre-[**REDACTED**] Investors had been terminated. Our Directors confirm that there has been no material change in our indebtedness position since December 31, 2025 and up to the Latest Practicable Date.

The following table 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'000)		*(unaudited)*
Current				
Lease liabilities	849	2,222	3,147	3,088
Bank borrowings	–	70,000	–	–
Non-current				
Lease Liabilities	1,494	3,649	7,058	6,528
Financial liabilities at FVTPL	1,012,806	1,053,274	–	–
Total	**1,015,149**	**1,129,145**	**10,205**	**9,616**

Our borrowings increased from nil as of December 31, 2023 to RMB70.0 million as of December 31, 2024, and decreased to nil as of December 31, 2025. As of December 31, 2025, all of our borrowings had been duly repaid in full. As of December 31, 2025, we had committed unutilized banking facilities of RMB100.0 million. Our lease liabilities amounted to RMB2.3 million, RMB5.9 million and RMB10.2 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuations in our lease liabilities reflect adjustments in our leasing arrangements over time, including termination or renewal of certain leases, addition of new leased properties, or payments in accordance with lease terms.

CONTINGENT LIABILITIES

As of December 31, 2023 and 2024 and 2025, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time, primarily related to the compensation of our key management personnel. See Note 32 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.

KEY FINANCIAL RATIOS

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

	Year ended December 31,		
	2023	**2024**	**2025**
Gross margin	23.6%	23.4%	24.3%
Net margin	(45.5)%	1.5%	3.1%
Current ratio	0.5	0.5	11.2
Quick ratio	0.3	0.3	9.1

Notes:

(1) Gross margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net margin is calculated based on (loss) profit and total comprehensive (expense) income for the year/period divided by revenue and multiplied by 100%.

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

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

Gross Margin

See "— Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Net Margin

Our net loss margin was negative 45.5% in 2023, turning into a net profit margin of 1.5% in 2024. Our net margin increased to 3.1% in 2025. Such increases were primarily due to steady improvement of our overall business operations.

Current Ratio

Our current ratio remained relatively stable at 0.5 as of December 31, 2023 and 2024. Our current ratio increased to 11.2 as of December 31, 2025 primarily attributable to (i) a decrease of RMB1,053.3 million in financial liabilities at FVTPL as a result of the derecognition of this account pursuant to the shareholders' agreements; (ii) a decrease of RMB70.0 million in borrowings since we fully repaid all outstanding borrowings in 2025; and (iii) an increase of RMB683.4 million in cash and cash equivalents as a result of capital contributions from shareholders and net cash generated from operating activities, driven by the improved operational performance.

Quick Ratio

Our quick ratio remained relatively stable at 0.3 as of December 31, 2023 and 2024. Our quick ratio increased to 9.1 as of December 31, 2025 primarily attributable to the aforementioned reasons including derecognition of financial liabilities, repayment on borrowings and improved operational performance.

FINANCIAL RISKS MANAGEMENT

We are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk, as set out below. We regularly monitor our exposure to these risks and as of the Latest Practicable Date, did not hedge or consider necessary to hedge any of these risks.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to bank borrowings and lease liabilities. We currently do not have formal interest rate hedging policies. Our management monitors our exposures on an on-going basis and will consider hedging interest rate risk should the need arises. We are also exposed to cash flow interest rate risk in relation to cash and cash equivalents. No sensitivity analysis is presented since our management consider the exposure of cash flow interest rate risk arising from cash and cash equivalents is insignificant.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to our trade and other receivables and bank balance.

In order to minimize the credit risk, our management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses allowance are made for irrecoverable amounts. In this regard, the our management considers that our credit risk is significantly reduced.

Liquidity Risk

The directors of our Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. See Note 30 to the Accountants' Report set forth in Appendix I of this document for details.

DIVIDEND

No dividend was paid or declared by our Company since its date of incorporation and up to the end of the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in a Shareholders' meeting. Under PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws and regulations.

DISTRIBUTABLE RESERVES

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

[REDACTED] EXPENSES

Based on the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] per Share, the total estimated [**REDACTED**] expenses in relation to the [**REDACTED**] are RMB[**REDACTED**] million (HK$[**REDACTED**] million), assuming the [**REDACTED**] is not exercised, which constitute approximately [**REDACTED**]% of the gross [**REDACTED**]. Our total estimated [**REDACTED**] expenses consist of (i) [**REDACTED**] related expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (ii) non-[**REDACTED**]-related expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), including (a) fees payable to our legal advisors and Reporting Accountants of RMB[**REDACTED**] million (HK$[**REDACTED**] million) and (b) other fees and expenses, including fees payable to other professional parties such as financial printers, industry consultant, background search agent and share registrar, of RMB[**REDACTED**] million (HK$[**REDACTED**] million). During the Track Record Period, we incurred [**REDACTED**] expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), of which RMB[**REDACTED**] million (HK$[**REDACTED**] million) was recognized as expenses in our consolidated statements of profit or loss, and of which RMB[**REDACTED**] million (HK$[**REDACTED**] million) was attributable to the issue of Shares and will be deducted from equity. Subsequent to the Track Record Period, RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be recognized as expenses in our consolidated statements of profit or loss, and RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

See Appendix II to this document for details.

SUBSEQUENT EVENT

In February 2026, we entered into share purchase agreements with three independent third parties (the "Sellers"), pursuant to which, we would acquire about 20.07% equity interests in a company, which is principally engaged in the R&D and production of micro-electromechanical system oscillators, for a total cash consideration of RMB6,021,000 (the "Equity Transfer"). The Equity Transfer was completed in February 2026. For this acquisition occurring after the Track Record Period, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in relation to the preparation of financial statements in respect of the Target Company. See "Waivers from Strict Compliance with the Requirements Under the Listing Rules — Acquisition after the Track Record Period."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the Latest Practicable Date there had been no material adverse change in our financial, operational or prospects since December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirmed 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 of the Listing Rules.