You should read the following discussion and analysis in conjunction with our consolidated financial statements, including the notes thereto included in the Accountants' Report set out in Appendix I to this document. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants' Report has been prepared in accordance with the IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. 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 our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Forward-looking Statements" and "Risk Factors" in this document.

OVERVIEW

We are a leading provider of full-lifecycle intelligent laboratory solutions in China. We ranked second in China's intelligent laboratory solutions market and first among providers headquartered in China, each as measured by revenue in 2025, according to the F&S Report. We ranked first in China's self-driving laboratory solutions segment, the most advanced form of intelligent laboratories, with a market share of approximately 34.2% in the same year, according to the same source. Leveraging our proprietary multimodal embodied intelligence technologies, industry-specific AI model platforms and integrated capabilities, we provide one-stop services for AI-enabled R&D, quality control and quality optimization across sectors including chemicals, new materials, new energy, and life sciences. Our full-lifecycle solutions encompass laboratory planning, embodied intelligence module manufacturing, algorithm and automation integration, and intelligent operation, all underpinned by an integrated design, manufacturing, deployment and self-iteration system powered by high-quality data.

Our revenue was RMB614.1 million, RMB554.0 million and RMB644.9 million in 2023, 2024 and 2025, respectively. We recorded gross profit of RMB98.6 million, RMB130.9 million and RMB181.2 million in 2023, 2024 and 2025, respectively, and profit for the year of RMB2.4 million, RMB4.9 million and RMB16.4 million in the same years, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing China's intelligent laboratory solutions industry. These factors include macroeconomic trends, industry development, downstream demands, competitive landscape and government policies. Specifically, the development of China's intelligent laboratory solutions industry has been driven by the increasing adoption of automation and digitalization in R&D activities, the growing demand for high-quality experimental data, the advancement of AI and robotics technologies, and supportive government policies promoting scientific and industrial innovation.

In addition to these general factors, our results of operations are affected by the following company-specific factors:

Our Ability to Continue Offering Products and Solutions that Address Customer Demands

We specialize in the delivery of full-lifecycle intelligent laboratory solutions, providing customers with integrated laboratory planning, embodied intelligence module manufacturing, algorithm and automation integration, and intelligent operation. We leverage the synergistic integration of our proprietary embodied intelligence technologies, industry-specific vertical AI models, and deep process knowledge to create a competitive edge across the entire value chain. We have developed and deployed self-driving laboratory solutions for several major industry verticals, including chemicals, new materials, new energy, and life sciences. Given the relatively sophisticated nature of our offerings, which involve dedicated technology, know-how and modular construction capabilities, and the peculiar business needs of our customers, our ability to constantly and efficiently offer satisfactory products and solutions is fundamental to our results of operations and market competitiveness. Specifically, the perceived benefits of our products and solutions are crucial to customers' willingness to procure from us and our ability to price effectively.

Our ability to offer satisfactory products and solutions in turn depends on, among others, (1) our ability to optimize and upgrade our products and solutions to effectively serve existing demands from customers, and innovate with new products and solutions that align with industry trends, technology developments, and changes in the preferences and requirements of our customers, some of which may be from new verticals that we have limited prior experience with; (2) our ability to precisely and timely identify, understand and cater to our customers' business needs; (3) the effectiveness and agility of our product development process; and (4) our project delivery and integration capabilities to ensure the successful delivery of our products and solutions with desired functionality and quality. In addition, as we proactively expand our customer base and diversify our sector coverage, the demand of our products and solutions is also increasingly influenced by changes in the industries and markets that our customers operate in. We underwent significant shifts in the composition of our business during the Track Record Period. In particular, revenue from our self-driving laboratory solutions grew substantially, increasing from nil in 2023 to RMB36.2 million in 2024 and further to RMB170.7 million in 2025, demonstrating accelerating market adoption of this offering. Gross profit margin for intelligent laboratory solutions improved from 16.1% in 2023 to 23.7% in 2025, driven by enhanced delivery efficiency and cost control measures. Gross profit margin for self-driving laboratory solutions was 50.0% in 2024 and 40.2% in 2025, primarily attributable to initial lower-margin projects as we expanded into new verticals and application scenarios. We expect to continue to offer attractive products and solutions to drive our revenue growth.

Our Ability to Reinforce Our Customer Relationship and Develop Our Customer Base

Our offerings are made to order and cater to the different needs of our customers. Therefore, our results of operations have been and are expected to continue to be affected by our ability to solidify and deepen our relationship with our customers. We have undertaken a customer-centric direct sales approach, coupled with a project-based approach from initial design to full-scale manufacturing and implementation, to fit with customer demands and optimize our delivery and execution. We expect to further such approaches, which enable us to closely work with our customers, address their demands in a satisfactory and agile manner and, ultimately, anchor their collaborations with us to drive our growth. Our relationship with customers depends on a wide array of factors, including the attractiveness of our offerings based on their benefits and costs to customers, the availability and relative advantages of alternative offerings from our competitors, and the specific demand of our customers, over which we have limited control. We must continually reinforce our customer relationship in view of such factors, so that we can ensure their procurement from us, maintain our market share and competitive advantages and price our products effectively.

Moreover, our results of operations and sustainable growth are also influenced by the breadth and depth of our customer base. Our customers currently consist of enterprises across a variety of industry verticals, such as petrochemical companies, biopharmaceutical and life science companies, new energy companies and food companies, while we derived a significant portion of our revenue from certain key customers from each of these verticals during the Track Record Period. For instance, in 2023, 2024 and 2025, revenue generated from our top five customers in each period during the Track Record Period accounted for 58.0%, 67.8% and 51.6% of our total revenue for such period, respectively. In parallel, our new contract value (exclusive of VAT) increased from RMB448.8 million in 2023 to RMB759.4 million in 2025, reflecting robust demand for our solutions and strong commercial momentum. This growth in new contract value, coupled with a year-end backlog of RMB502.5 million as of December 31, 2025, provides meaningful visibility into our future revenue streams. Our ability to maintain favorable and stable relationship with such customers is important to our financial performance. We expect to further expand our customer base along with the proliferation of each business line, which could diversify our revenue streams and improve our resilience.

Our Ability to Maintain or Enhance the Effectiveness of Our R&D Efforts

We believe that research and development is the foundation of our innovation and is pivotal to our long-term growth. Our strategy is built upon the synergistic integration of our proprietary technologies, encompassing design and manufacturing, key components development, control system development and key algorithm formulation, to establish a comprehensive competitive advantage across the entire intelligent laboratory development cycle. Given that our intelligent laboratory solutions are highly customized to meet the specific experimental processes and requirements of our diverse customer base across sectors such as petrochemicals, healthcare, biopharmaceuticals and new energy, a significant portion of our offerings involves tailored design and system integration, with relatively low levels of standardization. We have accumulated advanced design capabilities and developed a series of core manufacturing and digital management technologies that enable us to deliver high-precision, reliable and premium quality solutions for a wide spectrum of industry verticals. These sustained efforts underpin the performance and competitive differentiation of our solutions and, in turn, our historical business results. We have steadily invested and will commit to investing in our research and development efforts to upgrade our solutions and advance our technological competitive edge.

In 2023, 2024 and 2025, our research and development costs were RMB45.4 million, RMB44.6 million and RMB59.4 million, respectively, accounting for 7.4%, 8.1% and 9.2% of our total revenue for the same periods, respectively. Specifically, we have made significant investment into our research and development personnel, to drive our innovations and lead our technological advancements. In 2023, 2024 and 2025, the employee benefit expenses of our research and development personnel accounted for 52.7%, 59.4% and 63.1% of our total research and development costs, respectively. Going forward, we expect to continue to invest in our research and development efforts in a prudent and efficient manner that closely aligns with our business objectives and enables us to capture industry trends.

Our Ability to Manage Costs and Expenses and Maintain Operational Efficiency

Our ability to control our cost of sales is crucial to our financial performance, in particular our profitability. Specifically, cost of sales accounted for 83.9%, 76.4% and 71.9% of our total revenue for 2023, 2024 and 2025, respectively, thereby representing a significant proportion of our total costs and expenses. We believe that we have achieved effective cost management during the Track Record Period, as demonstrated by our gradually increasing gross profit margin. Our cost management in turn depends on our ability to control each of the major cost components, including costs of materials of our solutions and labor costs. In particular, cost of materials represented the most significant portion of our total costs, accounting for 58.7%, 65.9% and 61.8% of our total cost of sales for 2023, 2024 and 2025, respectively. Given the nature of our offerings, we primarily follow a made-to-order procurement model, in which materials are purchased based on confirmed customer orders or order forecasts. As a result, our cost of materials depends in part on the particular needs of customers for the products and solutions ordered, and our ability to maintain a robust, resilient and efficient supply chain and harness our relationship with suppliers, and is also affected by changes in the supply chain, such as the price fluctuations and availability of the raw materials.

Our profit margin is also affected by our operating expenses, which primarily comprised selling and marketing expenses, administrative expenses and research and development costs during the Track Record Period. We formulate, implement and constantly monitor the execution of financial budgets that enable us to accomplish effective control of our operating expenses in parallel with the growth of our business scale. As we continue to expand our business, we expect to continually maintain our operating expenses at reasonable levels corresponding to our growth, and, in the long term, realize greater economies of scale that further optimizes our cost structure and improves our profitability.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with IFRS Accounting Standards. The Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2025.

The historical financial information has been prepared on a historical cost basis, except for certain financial assets and financial liabilities, which are measured at fair value. All effective standards, amendments to standards and interpretation, mandatory for any financial year during the Track Record Period, are consistently applied to our Group for the Track Record Period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

For a discussion of the critical accounting policies, estimates, assumptions and judgments, see Notes 2 and 3 of the Accountants' Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table set forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*% of Revenue*	*RMB*	*% of Revenue*	*RMB*	*% of Revenue*
	(RMB in thousands except for percentages)					
Revenue	614,076	100.0	554,027	100.0	644,913	100.0
Cost of sales	(515,513)	(83.9)	(423,097)	(76.4)	(463,721)	(71.9)
Gross profit	**98,563**	**16.1**	**130,930**	**23.6**	**181,192**	**28.1**
Other income and losses, net	22,464	3.7	3,114	0.6	5,677	0.9
Selling and marketing expenses	(19,635)	(3.2)	(24,972)	(4.5)	(32,461)	(5.0)
Administrative expenses	(37,548)	(6.1)	(39,646)	(7.2)	(42,683)	(6.6)
Research and development costs	(45,374)	(7.4)	(44,611)	(8.1)	(59,395)	(9.2)
Impairment losses on trade and other receivables and contract assets	(9,508)	(1.5)	(7,550)	(1.4)	(28,613)	(4.4)
Profit from operations	**8,962**	**1.5**	**17,265**	**3.1**	**23,717**	**3.7**
Finance costs	(6,714)	(1.1)	(10,248)	(1.8)	(7,518)	(1.2)
Share of losses of joint ventures	(4,173)	(0.7)	(3,929)	(0.7)	(1,884)	(0.3)
(Loss)/profit before taxation	**(1,925)**	**(0.3)**	**3,088**	**0.6**	**14,315**	**2.2**
Income tax	4,283	0.7	1,808	0.3	2,082	0.3
Profit for the year	**2,358**	**0.4**	**4,896**	**0.9**	**16,397**	**2.5**

NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items and provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as profit for the period adjusted for equity-settled share-based payment expenses and [REDACTED]. Equity-settled shared-based payment expenses are non-cash expenses arising from granting share options to employees. [REDACTED] represent the costs incurred in connection with our [REDACTED] on the [REDACTED]. Such expenses in any specific period are not expected to result in future cash payments after completion of the [REDACTED] process. The following table sets out a reconciliation from adjusted net profit (non-IFRS measure) to profit for the period which is presented in accordance with IFRS Accounting Standards.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	**2,358**	**4,896**	**16,397**
Add:			
Equity-settled share-based payment expenses	1,323	1,466	2,308
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (Non-IFRS measures)	**3,681**	**6,362**	**19,306**

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we primarily generated revenue from the delivery of intelligent laboratory solutions and self-driving laboratory solutions. We recorded total revenue of RMB614.1 million, RMB554.0 million and RMB644.9 million for 2023, 2024 and 2025, respectively. Our intelligent laboratory solutions (excluding SLS) consist of three categories: intelligent laboratory integrated solutions, modular laboratories and components, and design, operation and maintenance. We provide tailored design and implementation services for intelligent laboratories, delivered through the integration of four principal systems: (1) the intelligent laboratory environment management system, (2) the laboratory support system, (3) the laboratory instrument management system, and (4) the intelligent control platform. These four systems form the technological foundation of our intelligent laboratory solutions and may be deployed either in an integrated manner or on a modular basis, depending on customer needs. For customers seeking a fully integrated intelligent laboratory, we provide tailored design and implementation services that selectively integrate these principal systems into a unified and fully functional solution. We refer to such offering as our intelligent laboratory integrated solutions, for which we typically charge an all-in-one project-based fee payable in installments. In addition, we offer modular laboratories and components, which are modularized solutions derived from these principal systems. Unlike our intelligent laboratory integrated solutions, modular laboratories are delivered on a prefabricated and modular basis, whereby core functional units are assembled and manufactured in our facilities and subsequently transported and installed at the customer's site. Such solutions are typically deployed to meet specific environmental control and automation requirements and are primarily applied in high-standard environments, such as clean rooms, negative-pressure wards and GMP-compliant cell production workshops. Before we start any integration, we often provide design services, and after we complete the integration, we also offer ongoing operation and maintenance services. These together constitute our design, operation and maintenance revenue. The following table sets forth our total revenue by business line for the periods indicated, both in absolute amount and as a percentage of our total revenue.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Intelligent laboratory solutions (excluding SLS)	614,076	100.0	517,798	93.5	474,222	73.5
—*Intelligent laboratory integrated solutions*	501,416	81.7	249,056	45.0	334,701	51.9
—*Modular laboratories and components*	86,419	14.0	232,876	42.0	108,530	16.8
—*Design, operation and maintenance*	26,241	4.3	35,866	6.5	30,991	4.8
Self-driving laboratory solutions	—	—	36,229	6.5	170,691	26.5
Total	**614,076**	**100.0**	**554,027**	**100.0**	**644,913**	**100.0**

Cost of Sales

Our cost of sales primarily consisted of (1) costs of materials of our solutions, such as mechanical parts, robotic parts, and electrical and electronic components; and (2) labor costs of our manufacturing and installation personnel, including outsourced labor. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amount and as a percentage of the total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Cost of materials	302,797	58.7	278,761	65.9	286,810	61.8
Labor costs	181,784	35.3	105,136	24.8	142,574	30.7
Others[(1)]	30,932	6.0	39,200	9.3	34,337	7.5
Total	**515,513**	**100.0**	**423,097**	**100.0**	**463,721**	**100.0**

(1) Others primarily represent transportation expenses and depreciation and amortization.

Gross Profit and Gross Profit Margin

Our gross profit was RMB98.6 million, RMB130.9 million and RMB181.2 million for 2023, 2024 and 2025, respectively, representing a gross profit margin of 16.1%, 23.6% and 28.1% for the same periods, respectively. The following table sets forth our gross profit and gross profit margin by business lines for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB)	*(%)*	*(RMB)*	*(%)*	*(RMB)*	*(%)*
	(RMB in thousands, except for percentages)					
Intelligent laboratory solutions (excluding SLS)	98,563	16.1	112,822	21.8	112,522	23.7
—*Intelligent laboratory integrated solutions*	72,960	14.6	43,186	17.3	76,886	23.0
—*Modular laboratories and components*	12,651	14.6	56,192	24.1	24,485	22.6
—*Design, operation and maintenance*	12,952	49.4	13,444	37.5	11,151	36.0
Self-driving laboratory solutions	—	—	18,108	50.0	68,670	40.2
Total	**98,563**	**16.1**	**130,930**	**23.6**	**181,192**	**28.1**

Other Income and Losses, net

Our other income primarily consisted of (1) government grants, which primarily represented incentives and awards granted for our research and development initiatives and manufacturing upgrades that were recognized in profit or loss during the relevant periods; (2) interest income from bank deposits; and (3) net income from sales of one-off medical equipment in 2023.

	Year ended December 31,		
	2023	2024	2025
Government grants	1,597	2,969	5,339
Interest income	257	238	167
Net losses on disposal of property, plant and equipment and other long-term assets	(1)	(17)	—
Net income from sales of one-off medical equipment	20,558	—	—
Foreign exchange loss	—	(5)	—
Others	53	(71)	171
Total other income	**22,464**	**3,114**	**5,677**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, social insurance contributions, housing provident fund contributions and share-based expenses for our sales and marketing personnel; (2) business development expenses, which primarily represented expenses related to industry conferences and exhibitions; and (3) office and traveling expenses. The following table sets forth a breakdown of our selling and marketing expenses by nature, both in absolute amount and as a percentage of our total selling and marketing expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Employee benefit expenses	10,100	51.4	15,138	60.6	20,084	61.9
Business development expenses	6,509	33.1	6,001	24.0	7,169	22.1
Office and traveling expenses	2,604	13.3	2,713	10.9	3,457	10.6
Depreciation and amortization	167	0.9	433	1.7	810	2.5
Others[1]	255	1.3	687	2.8	941	2.9
Total	**19,635**	**100.0**	**24,972**	**100.0**	**32,461**	**100.0**

(1) Others primarily included professional service fees.

Administrative Expenses

Our administrative expenses primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, social insurance contributions, housing provident fund and share-based expenses for our administrative personnel; (2) office and traveling expenses; (3) professional service fees, which primarily represented fees paid for legal, consulting and other professional services; (4) depreciation and amortization, which primarily represented depreciation of right-of-use assets and property and equipment and amortization of intangible assets used for administrative purposes; and (5) taxes and surcharges. The following table sets forth a breakdown of our administrative expenses by nature, both in absolute amount and as a percentage of our total administrative expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Employee benefit expenses	20,165	53.7	23,633	59.6	25,486	59.7
Office and traveling expenses	6,211	16.5	4,833	12.2	5,299	12.4
Professional service fees	6,188	16.5	3,444	8.7	3,945	9.3
Depreciation and amortization	2,976	7.9	4,175	10.5	3,444	8.1
Taxes and surcharges	1,127	3.0	2,726	6.9	3,212	7.5
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others[1]	881	2.3	835	2.1	696	1.6
Total	**37,548**	**100.0**	**39,646**	**100.0**	**42,683**	**100.0**

(1) Others primarily included bank service charge and IP-related expenses.

Research and Development Costs

Our research and development costs primarily consisted of (1) employee benefit expenses, which primarily represented the salaries, social insurance contributions, housing provident fund and share-based expenses for our research and development personnel; (2) materials costs, which primarily represented materials consumption costs directly attributable to our R&D activities; (3) technical service fees, which primarily represented outsourced software development and IT support, third-party testing services for our R&D activities, and R&D collaboration fees; and (4) depreciation and amortization, which primarily represented depreciation of property and equipment and right-of-use assets and amortization of intangible assets used in our R&D activities. The following table sets forth a breakdown of our research and development costs by nature, both in absolute amount and as a percentage of our total research and development costs, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Employee benefit expenses	23,917	52.7	26,503	59.4	37,466	63.1
Materials costs	14,115	31.1	12,213	27.4	15,514	26.1
Technical service fees	3,131	6.9	2,275	5.1	1,548	2.6
Depreciation and amortization	2,012	4.4	2,146	4.8	2,867	4.8
Others[(1)]	2,199	4.9	1,474	3.3	2,000	3.4
Total	**45,374**	**100.0**	**44,611**	**100.0**	**59,395**	**100.0**

(1) Others primarily includes traveling fees and other miscellaneous fees relating to our R&D activities.

Impairment loss on trade and other receivables and contract assets

We recorded impairment losses on trade and other receivables and contract assets during the Track Record Period, primarily in connection with our expected credit losses ("ECLs") on trade and other receivables and contract assets. We incurred impairment loss on trade and other receivables and contract assets of RMB9.5 million, RMB7.6 million and RMB28.6 million in 2023, 2024 and 2025, respectively.

Finance Costs

Finance costs primarily consisted of interest on bank loans, bank guarantee commission, and interest on lease liabilities. We incurred finance costs of RMB6.7 million, RMB10.2 million and RMB7.5 million for 2023, 2024 and 2025, respectively.

Income Tax

We recorded income tax credit of RMB4.3 million, RMB1.8 million and RMB2.1 million for 2023, 2024 and 2025, respectively, primarily arose from the recognition of deferred tax assets and deductible temporary differences associated with impairment provisions primarily on trade receivables, contract assets and inventories.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. The following description sets forth a summary of our major income tax exposures in relevant jurisdictions.

The provision for corporate enterprise income tax in the PRC is based on the statutory rate of 25% of the taxable profits determined in accordance with the EIT Law, which was approved and became effective on January 1, 2008, except for certain subsidiaries of our Group in the PRC which are qualified as High and New Technology Enterprises ("HNTE") and are entitled to a preferential tax rate of 15% during the Track Record Period. Specifically, the Company, Dynaflow Smart Manufacturing and Industrial Equipment(Hebei) Co., Ltd. and Beijing Dynaflow Aurora Technology Co., Ltd. each obtained the HNTE certificate and were subject to the 15% tax rate during the Track Record Period.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 16.4% from RMB554.0 million in 2024 to RMB644.9 million in 2025, primarily due to the significant growth in our self-driving laboratory solutions.

- ***Intelligent laboratory solutions (excluding SLS).*** Our revenue from intelligent laboratory solutions decreased by 8.4% from RMB517.8 million in 2024 to RMB474.2 million in 2025, primarily due to the fluctuation of revenue recognized from certain major projects in the relevant years.
  - ***Intelligent laboratory integrated solutions.*** Revenue from intelligent laboratory integrated solutions increased by 34.4% from RMB249.1 million in 2024 to RMB334.7 million in 2025, primarily due to the delivery of several new large-scale integrated projects during the period.
  - ***Modular laboratories and components.*** Revenue from modular laboratories and components decreased by 53.4% from RMB232.9 million in 2024 to RMB108.5 million in 2025, primarily due to the high base effect resulting from the one-off large-scale project that was delivered in 2024, with 2025 reflecting a return to normalized project levels.
  - ***Design, operation and maintenance.*** Revenue from design, operation and maintenance decreased by 13.6% from RMB35.9 million in 2024 to RMB31.0 million in 2025, primarily due to a decrease in the number of separate design projects, as more design projects have been incorporated in our all-in-one intelligent laboratory integrated solutions.
- ***Self-driving laboratory solutions.*** Our revenue from self-driving laboratory solutions increased significantly from RMB36.2 million in 2024 to RMB170.7 million in 2025, primarily because we continued to expand our self-driving laboratory solutions, with increasing customer adoption across multiple industries and the successful delivery of key projects.

Cost of sales

Our cost of sales increased by 9.6% from RMB423.1 million in 2024 to RMB463.7 million in 2025, primarily due to (1) an increase in direct labor costs of RMB37.4 million and (2) an increase in cost of materials of RMB8.0 million, generally in line with the growth of our sales revenue over the same periods, while our enhanced delivery efficiency and cost control measures helped mitigate the overall cost increase relative to revenue growth.

Gross profit

Our gross profit increased by 38.4% from RMB130.9 million in 2024 to RMB181.2 million in 2025, and our gross profit margin increased from 23.6% in 2024 to 28.1% in 2025, primarily driven by the continued strong growth in our high-margin self-driving laboratory solutions and continued improvement in the gross profit margin of our intelligent laboratory solutions, partially offset by a decrease in the gross profit margin of self-driving laboratory solutions as we pursued market expansion into new verticals and application scenarios, where initial projects typically yield lower margins before standardization and economies of scale are achieved.

- ***Intelligent laboratory solutions (excluding SLS).*** Our gross profit from intelligent laboratory solutions remained relatively stable at RMB112.8 million and RMB112.5 million in 2024 and 2025, respectively. Our gross profit margin improved from 21.8% in 2024 to 23.7% in 2025, primarily reflecting enhanced delivery efficiency and effective cost control measures.

  - ***Intelligent laboratory integrated solutions.*** Gross profit from intelligent laboratory integrated solutions increased by 78.0% from RMB43.2 million in 2024 to RMB76.9 million in 2025. Gross profit margin improved from 17.3% in 2024 to 23.0% in 2025. This growth and margin expansion were primarily attributable to enhanced delivery efficiency, as we accumulated greater project execution experience, and effective cost control measures, as we engaged a number of new suppliers on more favorable terms.

  - ***Modular laboratories and components.*** Gross profit from modular laboratories and components decreased by 56.4% from RMB56.2 million in 2024 to RMB24.5 million in 2025, primarily due to the absence of a one-off large-scale project delivered in 2024, with 2025 reflecting a return to normalized project mix. Gross profit margin remained relatively stable at 24.1% and 22.6% in 2024 and 2025, respectively.

  - ***Design, operation and maintenance.*** Gross profit from design, operation and maintenance decreased by 17.1% from RMB13.4 million in 2024 to RMB11.2 million in 2025, primarily due to the corresponding revenue decrease. The gross profit margin remained relatively stable and was 37.5% and 36.0% in 2024 and 2025, respectively.

- ***Self-driving laboratory solutions.*** Our gross profit from self-driving laboratory solutions increased significantly from RMB18.1 million in 2024 to RMB68.7 million in 2025, primarily because we continued to expand our self-driving laboratory solutions, with revenue surging from RMB36.2 million to RMB170.7 million. The gross profit margin decreased from 50.0% in 2024 to 40.2% in 2025, reflecting the expansion into new verticals and new application scenarios, where initial projects typically involve higher customization and lower economies of scale, resulting in comparatively lower margins during the market penetration phase.

Other income and losses, net

Other income and losses, net increased by 82.3% from RMB3.1 million in 2024 to RMB5.7 million in 2025, primarily due to an increase in government grants from RMB3.0 million in 2024 to RMB5.3 million in 2025, mainly reflecting the recognition of government grants related to our R&D activities.

Selling and marketing expenses

Our selling and marketing expenses increased by 30.0% from RMB25.0 million in 2024 to RMB32.5 million in 2025, primarily due to (1) an increase in employee benefit expenses from RMB15.1 million in 2024 to RMB20.1 million in 2025, mainly attributable to increased headcount; (2) an increase in business development expenses from RMB6.0 million in 2024 to RMB7.2 million in

2025, as we strengthened our participation in industry conferences and exhibitions; and (3) an increase in others, mainly driven by an increase in office and traveling expenses from RMB2.7 million in 2024 to RMB3.5 million in 2025, generally in line with our business growth.

Administrative expenses

Administrative expenses increased by 7.7% from RMB39.6 million in 2024 to RMB42.7 million in 2025, primarily due to an increase in employee benefit expenses from RMB23.6 million in 2024 to RMB25.5 million in 2025.

Research and development costs

Research and development costs increased by 33.1% from RMB44.6 million in 2024 to RMB59.4 million in 2025, primarily due to (1) an increase in employee benefit expenses from RMB26.5 million in 2024 to RMB37.5 million in 2025, mainly attributable to the increase in headcount of our R&D personnel for the expanded need of our self-driving laboratory solutions; (2) an increase in materials costs from RMB12.2 million in 2024 to RMB15.5 million in 2025, in line with the increasing needs of our R&D activities; and (3) an increase in depreciation and amortization from RMB2.1 million in 2024 to RMB2.9 million in 2025, primarily due to the addition of machinery and equipment for R&D purposes.

Impairment loss on trade and other receivables and contract assets

Our impairment loss on trade and other receivables and contract assets increased significantly from RMB7.6 million in 2024 to RMB28.6 million in 2025. The increase was primarily attributable to the aging of certain long-outstanding balances from trade receivables and contract assets, primarily as a result of the prolonged acceptance and settlement period with a major customer.

Share of losses of joint venture

Share of losses of joint ventures decreased by 52.0% from RMB3.9 million for 2024 to RMB1.9 million for 2025, primarily due to the decreased losses incurred by MGI Dynaflow. For details, see "—Discussion of Major Balance Sheet Items—Interest in Joint Venture."

Finance costs

Finance costs decreased by 26.6% from RMB10.2 million in 2024 to RMB7.5 million in 2025, primarily due to (1) a decrease in interest on bank loans from RMB6.0 million in 2024 to RMB5.2 million in 2025, reflecting lower average interest rates and changes in the loan portfolio during the period; and (2) a decrease in other finance costs from RMB3.8 million in 2024 to RMB1.6 million in 2025, mainly as a result of a reduction in guarantee fees corresponding to a lower outstanding balance of guaranteed bank borrowings and the narrowing application of letter of guarantee from banks in 2025.

Income tax

Income tax credit increased by 15.2% from RMB1.8 million in 2024 to RMB2.1 million in 2025, primarily due to the increase in impairment losses during the period.

Profit for the year

As a result of the foregoing, our profit for the year increased significantly from RMB4.9 million in 2024 to RMB16.4 million in 2025, representing a net profit margin of 0.9% and 2.5% for the same periods, respectively.

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

Revenue

Revenue decreased by 9.8% from RMB614.1 million in 2023 to RMB554.0 million in 2024, primarily due to a decrease in revenue from intelligent laboratory solutions following the delivery of COVID-19 deferred projects in 2023, partially offset by the substantial growth in self-driving laboratory solutions.

- ***Intelligent laboratory solutions (excluding SLS)***. Our revenue from intelligent laboratory solutions decreased by 15.7% from RMB614.1 million in 2023 to RMB517.8 million in 2024, primarily driven by the heightened revenue in 2023 resulting from the delivery of projects delayed from 2022 due to the COVID-19 pandemic, while 2024 reflected a return to normalized project delivery levels.
  - ***Intelligent laboratory integrated solutions.*** Revenue from intelligent laboratory integrated solutions decreased by 50.3% from RMB501.4 million in 2023 to RMB249.1 million in 2024, primarily due to the heightened revenue in 2023 resulting from the delivery of projects delayed from 2022, while 2024 reflected a return to normalized project delivery levels.
  - ***Modular laboratories and components.*** Revenue from modular laboratories and components increased significantly from RMB86.4 million in 2023 to RMB232.9 million in 2024, primarily due to a large-scale project delivered in 2024.
  - ***Design, operation and maintenance.*** Revenue from design, operation and maintenance increased by 36.7% from RMB26.2 million in 2023 to RMB35.9 million in 2024, primarily due to increased demand for operation and maintenance services as more laboratory projects entered the post-delivery phase.
- ***Self-driving laboratory solutions***. Our revenue from self-driving laboratory solutions increased significantly from nil in 2023 to RMB36.2 million in 2024, primarily because we commenced the commercialization of our self-driving laboratory solutions in 2024.

Cost of sales

Our cost of sales decreased by 17.9% from RMB515.5 million in 2023 to RMB423.1 million in 2024, primarily due to (1) a decrease in cost of materials of RMB24.0 million, and (2) a decrease in labor costs of RMB76.6 million, primarily due to the decrease of our revenue over the same periods, while our enhanced delivery efficiency and effective cost control measures further contributed to the reduction.

Gross profit and gross profit margin

Our gross profit increased by 32.8% from RMB98.6 million in 2023 to RMB130.9 million in 2024, primarily driven by the improved gross profit margins across major business lines and the commercialization of our self-driving laboratory solutions.

- ***Intelligent laboratory solutions (excluding SLS).*** Gross profit from intelligent laboratory solutions increased by 14.5% from RMB98.6 million in 2023 to RMB112.8 million in 2024, reflecting improved gross profit margin from 16.1% in 2023 to 21.8% in 2024, which was primarily due to enhanced delivery efficiency and effective cost control measures, despite a decrease in revenue following the heightened revenue in 2023 resulting from the delivery of COVID-19 delayed projects. We recorded relatively low profit margin in 2023, primarily due to our low margin projects in the market penetration phase and our effort to maintain strategic relationship with certain customers.

- ***Intelligent laboratory integrated solutions.*** Gross profit from intelligent laboratory integrated solutions decreased by 40.8% from RMB73.0 million in 2023 to RMB43.2 million in 2024, primarily due to a decrease in revenue following the delivery of previously delayed projects in 2023. Despite the revenue decline, gross profit margin improved from 14.6% in 2023 to 17.3% in 2024, reflecting enhanced delivery efficiency and effective cost control measures.

- ***Modular laboratories and components.*** Gross profit from modular laboratories and components increased significantly from RMB12.7 million in 2023 to RMB56.2 million in 2024. Gross profit margin improved from 14.6% in 2023 to 24.1% in 2024. This significant growth and margin expansion were primarily driven by our implementation of standardized production and assembly procedures in 2024.

- ***Design, operation and maintenance.*** Gross profit from design, operation and maintenance increased by 3.8% from RMB13.0 million in 2023 to RMB13.4 million in 2024. Gross profit margin decreased from 49.4% in 2023 to 37.5% in 2024, primarily reflecting the project-based nature of the services within this category and the corresponding fluctuations in gross profit margin from period to period.

- ***Self-driving laboratory solutions.*** Gross profit from self-driving laboratory solutions increased significantly from nil in 2023 to RMB18.1 million in 2024, primarily because we commenced the commercialization of our self-driving laboratory solutions in 2024. The gross profit margin for self-driving laboratory solutions reached 50.0% in 2024, higher than that of our intelligent laboratory solutions due to strong project execution and technology advantages.

Other income and losses, net

Other income and losses, net decreased by 86.1% from RMB22.5 million in 2023 to RMB3.1 million in 2024, primarily due to a significant decrease in net income from sales of one-off medical equipment from RMB20.6 million in 2023 to nil in 2024, as such temporary pandemic-related activities wound down following the pandemic.

Selling and marketing expenses

Selling and marketing expenses increased by 27.2% from RMB19.6 million in 2023 to RMB25.0 million in 2024, primarily due to an increase in employee benefit expenses from RMB10.1 million in 2023 to RMB15.1 million in 2024, mainly reflecting an increase in headcount to support enhanced marketing and business development activities.

Administrative expenses

Administrative expenses increased by 5.6% from RMB37.5 million in 2023 to RMB39.6 million in 2024, primarily due to an increase in employee benefit expenses from RMB20.2 million in 2023 to RMB23.6 million in 2024, mainly attributable to an increase in administrative headcount to support our business expansion.

Research and development costs

Research and development costs decreased by 1.7% from RMB45.4 million in 2023 to RMB44.6 million in 2024, primarily due to a decrease in materials costs from RMB14.1 million in 2023 to RMB12.2 million in 2024, as our R&D activities in 2024 shifted focus toward the development of our self-driving laboratory solutions, which required relatively lower direct materials consumption compared to prior periods; partially offset by an increase in employee benefit expenses from RMB23.9 million in 2023 to RMB26.5 million in 2024, primarily due to an increase in headcount to our R&D team.

Impairment loss on trade and other receivables and contract assets

Our impairment loss on trade and other receivables and contract assets decreased by 20.6% from RMB9.5 million in 2023 to RMB7.6 million in 2024. This decrease was primarily due to our continued collection efforts, which prevented significant aging of outstanding balances.

Share of losses of joint venture

Share of losses of joint ventures decreased by 5.8% from RMB4.2 million for 2023 to RMB3.9 million for 2024, primarily due to the decrease in losses incurred by MGI Dynaflow and Dnyuntu. For details, see "—Discussion of Major Balance Sheet Items—Interest in Joint Venture."

Finance costs

Finance costs increased by 52.6% from RMB6.7 million in 2023 to RMB10.2 million in 2024, primarily due to an increase in interest on bank loans from RMB3.6 million in 2023 to RMB6.0 million in 2024, reflecting an increase in the average balance of bank borrowings during the period.

Income tax

Income tax credit decreased by 57.8% from RMB4.3 million in 2023 to RMB1.8 million in 2024, primarily due to the decrease in our impairment losses.

Profit for the year

As a result of the foregoing, we recorded a profit of RMB2.4 million in 2023 and a profit of RMB4.9 million in 2024, representing a net profit margin of 0.4% for 2023 and 0.9% for 2024.

DISCUSSION OF MAJOR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	63,340	61,164	62,854
Right-of-use assets	21,253	25,638	23,920
Intangible assets	835	466	384
Interests in joint ventures	9,675	5,822	4,015
Deferred tax assets	9,731	12,691	15,430
Total non-current assets	**104,834**	**105,781**	**106,603**
Total current assets	**702,886**	**531,406**	**667,076**
Total current liabilities	**624,722**	**441,673**	**487,989**
Net current assets	**78,164**	**89,733**	**179,087**
Total assets less current liabilities	**182,998**	**195,514**	**285,690**
Non-current liabilities			
Other borrowings	—	5,811	—
Lease liabilities	439	3,128	1,868
Deferred income	1,855	1,587	1,318
Provision for warranties	7,713	5,557	5,292
Total non-current liabilities	**10,007**	**16,083**	**8,478**
Net assets	**172,991**	**179,431**	**277,212**
Equity			
Paid-in capital/share capital	54,858	54,858	58,871
Reserves	118,134	124,582	218,350
Non-controlling interests	(1)	(9)	(9)
Total equity	**172,991**	**179,431**	**277,212**

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current assets				
Inventories	219,320	58,079	34,645	61,157
Contract assets	99,201	112,775	220,234	180,677
Trade and bills receivables	272,214	244,229	294,747	292,058
Deposits, prepayments and other receivables	47,939	39,832	38,017	12,423
Restricted bank deposits	1,765	1,326	1,224	1,266
Cash and cash equivalents	62,447	75,165	78,209	96,609
Total current assets	**702,886**	**531,406**	**667,076**	**644,190**
Current liabilities				
Trade and bills payables	186,282	155,342	193,116	115,598
Contract liabilities	237,192	49,027	33,357	28,127
Interest-bearing bank loans and other borrowings	168,777	200,231	217,513	244,331
Lease liabilities	613	2,819	2,668	4,269
Other payables	31,858	34,244	40,678	33,790
Current taxation	—	10	657	409
Total current liabilities	**624,722**	**441,673**	**487,989**	**426,524**
Net current assets	**78,164**	**89,733**	**179,087**	**217,666**

Net current assets increased from RMB78.2 million as of December 31, 2023 to RMB89.7 million as of December 31, 2024. This increase was primarily driven by a significant decrease in contract liabilities from RMB237.2 million to RMB49.0 million, mainly reflecting the completion and revenue recognition of major projects in late 2023. This positive impact was partially offset by a decrease in inventories from RMB219.3 million to RMB58.1 million as projects were completed and related costs were recognized in cost of sales, together with reductions in trade and bills receivables as we collected payments from customers.

Net current assets further increased significantly to RMB179.1 million as of December 31, 2025. This increase was primarily driven by (1) a substantial increase in contract assets from RMB112.8 million to RMB220.2 million, reflecting progress on new projects secured in 2025; and (2) an increase in trade and bills receivables from RMB244.2 million to RMB294.7 million, generally in line with our sales growth. This impact was partially offset by (1) an increase in trade and bills payables from RMB155.3 million to RMB193.1 million, (2) an increase in interest-bearing bank loans and other borrowings from RMB200.2 million to RMB217.5 million, and (3) a decrease in inventories from RMB58.1 million to RMB34.6 million, as projects advanced and related costs were recognized in cost of sales.

Net current assets further increased from RMB179.1 million as of December 31, 2025 to RMB217.7 million as of February 28, 2026. This increase was primarily driven by (1) a significant decrease in trade and bills payables from RMB193.1 million to RMB115.6 million, mainly reflecting the settlement of outstanding supplier balances during the period, which reduced current liabilities and strengthened our net current position; and (2) the increase in inventories from RMB34.6 million to RMB61.2 million, reflecting procurement and work-in-progress accumulation for ongoing projects. This impact was partially offset by (1) an increase in interest-bearing bank loans and other borrowings from RMB217.5 million to RMB244.3 million; and (2) a decrease in contract assets from RMB220.2 million to RMB180.7 million.

Property, Plant and Equipment

Our property, plant and equipment during the Track Record Period primarily consisted of (1) plant and buildings, primarily in connection with our production facilities in Hebei Province; (2) machinery and equipment primarily used for our manufacturing activities; (3) transportation vehicles; and (4) office and electronic equipment. The following table sets forth net book value of the components of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Plant and buildings	45,662	43,540	42,284
Machinery and equipment	13,799	14,539	17,704
Transportation vehicles	1,461	1,056	1,007
Office and electronic equipment	2,418	1,992	1,859
Construction in progress	—	37	—
Total	**63,340**	**61,164**	**62,854**

Property, plant and equipment decreased from RMB63.3 million as of December 31, 2023 to RMB61.2 million as of December 31, 2024, primarily due to depreciation, partially offset by additions of machinery and equipment.

Property, plant and equipment further increased to RMB62.9 million as of December 31, 2025, primarily due to additions of machinery and equipment to support business expansion, partially offset by continued depreciation.

Intangible Assets

Our intangible assets during the Track Record Period primarily consisted of software for office and design use. Intangible assets decreased from RMB0.8 million as of December 31, 2023 to RMB0.5 million as of December 31, 2024, primarily due to amortization, partially offset by procurement of certain software to meet our operational needs. Our intangible assets further decreased to RMB0.4 million as of December 31, 2025, primarily due to amortization with no significant new additions during the period.

Right-of-use Assets

Our right-of-use assets during the Track Record Period primarily consisted of our leased plant and buildings, as well as land use rights. Right-of-use assets increased from RMB21.3 million as of December 31, 2023 to RMB25.6 million as of December 31, 2024, primarily due to the renewal of an office lease for three years in March 2024, which resulted in the recognition of additional right-of-use assets of RMB7.4 million, partially offset by depreciation. Right-of-use assets decreased to RMB23.9 million as of December 31, 2025, primarily due to depreciation charges during the year, partially offset by new lease additions.

Deferred Tax Assets

Our deferred tax assets during the Track Record Period primarily arose from the temporary differences between the tax basis of impairment of trade and other receivables and contract assets, impairment of inventories and their book value, government grants, as well as certain deductible tax losses. Deferred tax assets increased from RMB9.7 million as of December 31, 2023 to RMB12.7 million as of December 31, 2024, primarily due to an increase in deductible temporary differences arising from provisions for impairment. Deferred tax assets further increased to RMB15.4 million as of December 31, 2025, primarily due to the recognition of deferred tax assets on provisions for impairment.

Inventories

Our inventories consisted of (1) raw materials, representing the various kinds of supplies that we procure for manufacturing our products, (2) work in progress, (3) finished goods, and (4) goods in transit. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	74,900	44,899	30,627
Work in progress	5,473	4,539	4,810
Finished goods	5,663	8,297	7,504
Goods in transit	144,759	14,612	6,391
Write-down of inventories	(11,475)	(14,268)	(14,687)
Total	**219,320**	**58,079**	**34,645**

Inventories decreased from RMB219.3 million as of December 31, 2023 to RMB58.1 million as of December 31, 2024, primarily due to a significant decrease in goods in transit from RMB144.8 million to RMB14.6 million over the same period, as many large-scale projects were completed during 2024 and the related costs were recognized in cost of sales. Inventories further decreased to RMB34.6 million as of December 31, 2025, primarily due to (1) continued decrease in goods in transit from RMB14.6 million to RMB6.4 million, as the remaining projects were completed and recognized in cost of sales; and (2) a decrease in raw materials from RMB44.9 million to RMB30.6 million, reflecting improved inventory management and faster project execution, especially for our self-driving solutions.

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

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days[1]	138.4	119.7	36.5

(1) Inventory turnover days were calculated based on the average of opening and closing inventory balance (net of impairment allowances) for the relevant period divided by the cost of sales for the same period, and multiplied by the number of days for that period (365 days for a given year).

Our inventory turnover days decreased from 138.4 days in 2023 to 119.7 days in 2024, primarily due to the completion and recognition of a number of large-scale projects during 2024, which resulted in a significant decrease in goods in transit from RMB144.8 million as of December 31, 2023 to RMB14.6 million as of December 31, 2024, as the related costs were transferred to cost of sales.

Our inventory turnover days decreased further from 119.7 days in 2024 to 36.5 days in 2025, primarily due to (1) the continued completion and revenue recognition of remaining projects, which further reduced goods in transit from RMB14.6 million as of December 31, 2024 to RMB6.4 million as of December 31, 2025; (2) a substantial decrease in raw materials from RMB44.9 million to RMB30.6 million over the same period, reflecting improved inventory management and faster turnover; and (3) faster project execution, especially for our self-driving laboratory solutions.

The following table sets forth an aging analysis of our inventories, based on invoice date and net of loss allowance, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	206,810	56,731	31,884
Over one year	23,985	15,616	17,449
Less: loss allowance	(11,475)	(14,268)	(14,687)
Total	**219,320**	**58,079**	**34,645**

As of February 28, 2026, approximately RMB9.0 million, or 18.2%, of the gross amount of our inventories as of December 31, 2025 had been consumed or sold.

Contract Assets

Our contract assets represent our rights to receive consideration for obligations performed under some of our contracts. These considerations are not yet payable by the customers as they are subject to certain conditions under the relevant construction contracts, such as lapse of the warranty period. The following table sets out a breakdown of our contract assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Arising from performance under construction contracts	103,757	116,635	237,664
Less: loss allowance	(4,556)	(3,860)	(17,430)
Contract assets, net	**99,201**	**112,775**	**220,234**

Our contract assets increased from RMB99.2 million as of December 31, 2023, to RMB112.8 million as of December 31, 2024, as we secured new contracts and advanced on existing projects, leading to an increase in the amount of consideration recognized as conditional upon fulfilling future obligations. Our contract assets further increased to RMB220.2 million as of December 31, 2025, primarily due to progress on new projects secured in 2025.

As of February 28, 2026, RMB30.7 million, or 12.9%, of our contract assets as of December 31, 2025, had been settled.

Trade and Bills Receivables

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	271,570	255,038	331,600
Bills receivables	19,236	12,977	1,794
Subtotal	**290,806**	**268,015**	**333,394**
Less: loss allowance	(18,592)	(23,786)	(38,647)
Trade and bills receivables, net	**272,214**	**244,229**	**294,747**

We mainly settle with our customers on credit. We may grant a credit period of up to 180 days. For certain projects, we usually require part of the payment in advance after signing the contract, and collect the remaining amount according to the project progress or after final acceptance by the customer.

Trade and bills receivables, net decreased from RMB272.2 million as of December 31, 2023 to RMB244.2 million as of December 31, 2024, primarily due to a decrease in revenue in 2024 following the heightened revenue in 2023 from certain delayed projects. Trade and bills receivables increased to RMB294.7 million as of December 31, 2025 as we recorded higher revenue in 2025 driven by the significant growth in our self-driving laboratory solutions.

The following table sets forth an aging analysis of our trade and bills receivables, based on invoice date and net of loss allowance, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	236,504	152,765	211,270
Over one year but within two years	40,857	85,422	44,967
Over two years but within three years	2,598	20,413	60,123
Over three years but within four years	8,469	2,237	13,126
Over four years but within five years	1,859	4,965	2,189
Over five years	519	2,213	1,719
Less: loss allowance	(18,592)	(23,786)	(38,647)
Total	**272,214**	**244,229**	**294,747**

We perform an impairment analysis at the end of each reporting period during the Track Record Period using a provision matrix based on the aging of receivables to measure ECLs. The provision rates are based on the aging of receivables for groupings of various customer segments with similar loss patterns.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available during the Track Record Period about past events, current conditions and forecasts of future economic conditions. Trade and bills receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. We consider a financial asset to be in default when the debtor is unlikely to pay its credit obligations in full, or the financial asset is 180 days past due. We have provided full impairment for the defaulted receivables. For details of the impairment provision of our trade and bills receivables and the credit risk exposure of our trade and bills receivables, see Note 30(a) to the Accountants' Report in Appendix I to this document.

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

	Year ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days(1)	173.6	170.1	152.5

(1) Trade and bills receivables turnover days were calculated based on the average of opening and closing balance of trade and bills receivables, net of allowance for credit losses, for the relevant period, divided by the revenue for the same period, and multiplied by the number of days for that period (365 days for a given year).

Our trade and bills receivables turnover days decreased from 173.6 days in 2023 to 152.5 days in 2025. This improvement was primarily attributable to our enhanced collection efforts and the growing revenue contribution from our self-driving laboratory solutions, which typically have a shorter collection cycle than our intelligent laboratory solutions.

As of February 28, 2026, approximately RMB43.7 million, or 13.1%, of our trade and bills receivables as of December 31, 2025 had been settled.

Interest in Joint Venture

Our interest in joint ventures during the Track Record Period primarily represents our investments in MGI Dynaflow and Dnyuntu. We held 51% and 60% equity interests in these two joint ventures, respectively.

Our interest in joint ventures decreased from RMB9.7 million as of December 31, 2023 to RMB5.8 million as of December 31, 2024, primarily due to our share of losses in MGI Dynaflow and Dnyuntu of RMB3.9 million for 2024. Our interest in joint ventures further decreased to RMB4.0 million as of December 31, 2025, primarily due to our share of losses in MGI Dynaflow of RMB1.9 million for 2025.

For details of our interest in joint ventures, including our interests in and share of net assets and results of the joint ventures, see Note 15 to the Accountants' Report in Appendix I to this document.

Deposits, Prepayments and Other Receivables

Deposits, prepayments and other receivables primarily consisted of (1) prepayments, which mainly represent advance payments to suppliers for the procurement of raw materials and services; (2) amounts due from related parties, which mainly represent interest-free loans extended to a joint venture of our Group to support its working capital needs; (3) deposits, including bidding and performance guarantees and rental deposits; (4) value-added tax recoverable, which arose primarily from the procurement of materials and services; (5) prepaid income tax, representing advance payments made toward our corporate income tax obligations in excess of the actual tax liability for the relevant period; (6) prepayments for [REDACTED] incurred in connection with the proposed [REDACTED] of our H Shares; and (7) other miscellaneous receivables.

The following table sets forth a breakdown of our deposits, prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Prepayments[(1)]	28,225	32,008	30,122
Amounts due from a related party	700	3,500	3,500
Deposits	12,890	6,597	5,199
VAT recoverable	6,271	426	291
Prepaid income taxes	296	847	1,702
Prepayment for costs incurred in connection with the proposed [REDACTED] of [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	1,162	1,111	1,841
Less: loss allowance	(1,605)	(4,657)	(4,839)
Total	**47,939**	**39,832**	**38,017**

(1) Prepayments represent advance payments to suppliers for the procurement of materials, services and others.

Deposits, prepayments and other receivables decreased from RMB47.9 million as of December 31, 2023 to RMB39.8 million as of December 31, 2024, primarily due to (1) a decrease in deposits as a results of narrowing application of deposits for our projects; and (2) the decrease in value-added tax recoverable, primarily because our heightened procurement activities in 2023, resulting in an accumulation of new input VAT while previously recorded recoverable balances were progressively offset against output VAT from operating activities in 2024, partially offset by an increase in prepayments of RMB3.8 million in line with our procurement activities. Our deposits, prepayments and other receivables remained stable at RMB39.8 million and RMB38.0 million as of December 31, 2024 and 2025, respectively.

Restricted Bank Deposit

Restricted bank deposits primarily represent bank deposits deposited to banks for the letters of guarantee for project performance bond. The balance decreased from RMB1.8 million as of December 31, 2023 to RMB1.3 million as of December 31, 2024, and further to RMB1.2 million as of December 31, 2025, primarily due to the release of certain performance guarantees upon completion of projects and the release of bank guarantees upon maturity.

Trade and Bills Payables

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Bills payable	—	500	—
Payable for materials and services	186,282	154,842	193,116
Total	**186,282**	**155,342**	**193,116**

Trade and bills payables decreased from RMB186.3 million as of December 31, 2023 to RMB155.3 million as of December 31,2024, primarily due to our decreased procurement activities, generally in line with our revenue decrease in 2024. Trade and bills payables increased from RMB155.3 million as of December 31, 2024 to RMB193.1 million as of December 31, 2025, primarily due to an increase in procurement activities in 2025 to support our business growth, generally in line with our revenue growth during the Track Record Period.

Our trade and bills payables generally have a credit period of up to 180 days. The following table sets forth an aging analysis of our trade and bills payables, based on the invoice dates, as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within one year	137,995	113,150	147,401
Over one year but within two years	34,826	16,658	21,263
Over two years but within three years	13,461	14,400	6,544
Over three years	—	11,134	17,908
Total	**186,282**	**155,342**	**193,116**

The following table sets forth the number of our trade and bills payables turnover days for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Trade and bills payable turnover days(1)	121.7	147.4	137.1

(1) Trade and bills payables turnover days were calculated based on the average of opening and closing balance of trade and bills payables for the relevant period, divided by the cost of sales for the same period, multiplied by the number of days for that period (365 days for a given year).

Our trade and bills payable turnover days increased from 121.7 days in 2023 to 147.4 days in 2024, primarily due to the change of procurement payment policy. Our trade and bills payable turnover days then decreased to 137.1 days for 2025, as we expanded our procurement from certain new suppliers for product development, especially for our self-driving laboratory solutions, which imposed a relatively short settlement period due to the shorter cooperation history and smaller amount of procurement.

As of February 28, 2026, approximately RMB42.5 million, or 22.0%, of our trade and bills payables as of December 31, 2025 had been settled.

Contract Liabilities

We recognize contract liabilities when a payment from customers is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Our contract liabilities decreased from RMB237.2 million as of December 31, 2023 to RMB49.0 million as of December 31, 2024, primarily due to the completion and final acceptance of several large-scale projects at the end of 2023, which resulted in the recognition of related advances as revenue in 2024. Our contract liabilities further decreased to RMB33.4 million as of December 31, 2025, primarily due to the continuous recognition of advances as revenue as we continued to accelerate our execution cycle, especially for our self-driving laboratory solutions, partially offset by new advances received from newly signed projects in 2025.

Other Payables

Our other payables during the Track Record Period primarily consisted of (1) payroll and welfare payables, representing accrued salaries and other benefits for our employees; (2) other taxes payable, mainly including value-added tax payable, individual income tax withheld and stamp duty; (3) payables for costs incurred in connection with the proposed issuance of our H Shares; and (4) other, which primarily represented payables for our construction project and accrued expenses. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Payroll and welfare payables	6,900	8,075	9,988
Other tax payables	22,104	23,645	28,650
Payables for costs incurred in connection with the proposed issuance of the Company's H shares	—	—	850
Others	2,854	2,524	1,190
Total	**31,858**	**34,244**	**40,678**

Other payables increased from RMB31.9 million as of December 31, 2023 to RMB34.2 million as of December 31, 2024, primarily due to (1) the increase in other taxes payable of RMB1.5 million, primarily related to VAT payables; and (2) the increase in payroll and welfare payables of approximately RMB1.2 million, mainly due to an increase in headcount following the establishment of two new branches in 2024 and the expansion of the payroll accrual base. Other payables increased from RMB34.2 million as of December 31, 2024 to RMB40.7 million as of December 31, 2025, primarily due to higher VAT payables driven by increased revenue in 2025, higher payroll and welfare payables reflecting headcount expansion, and [REDACTED] accrued in connection with the [REDACTED].

Provisions

We record provision for warranties that we provided to customers during the warranty period. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty period prior to the end of each period during the Track Record Period. The amount of provision takes into account our recent claim experience and is only made where a warranty claim is probable.

We recorded provision for warranties of RMB7.7 million, RMB5.6 million and RMB5.3 million as of December 31, 2023, 2024 and 2025, respectively. The provision decreased from RMB7.7 million as of December 31, 2023 to RMB5.6 million as of December 31, 2024, primarily due to the relatively larger number of contracts in warranty period as of December 31, 2023, including certain old contracts deferred to 2023, as the warranty provision is generally estimated based on a percentage of project revenue. The provision remained relatively stable at RMB5.3 million as of December 31, 2025, generally in line with the number of contracts in warranty period as of December 31, 2025.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements, including R&D activities, project delivery, sales expansion and other operational needs and payment for the purchase of property, plant and equipment for production. During the Track Record Period, we financed our capital expenditures and working capital requirements primarily through our existing cash, cash flows generated from our operations, our equity financing and, to a much lesser extent, through bank borrowings. Going forward, we believe that our liquidity requirements will be satisfied with cash flows generated from our operations, net [REDACTED] from the [REDACTED], and other debt and equity financing from time to time according to our needs.

Taking into account the financial resources available to us, including cash and cash equivalents, future cash flow from operating activities, bank facilities and the net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Operating cash flows before movements in working capital	31,812	39,416	65,931
Changes in working capital	(107,009)	(42,014)	(132,151)
Cash used in operations	(75,197)	(2,598)	(66,220)
Tax paid	(22,999)	(1,989)	(1,712)
Net cash used in operating activities	**(98,196)**	**(4,587)**	**(67,932)**
Net cash generated from/(used in) investing activities	**12,490**	**(7,250)**	**(8,832)**
Net cash (used in)/generated from financing activities	**(2,568)**	**24,560**	**79,808**
Net (decrease)/increase in cash and cash equivalents	(88,274)	12,723	3,044
Cash and cash equivalents at beginning of the period	**150,721**	**62,447**	**75,165**
Effect of foreign exchange rate changes	—	(5)	—
Cash and cash equivalents at end of the period	**62,447**	**75,165**	**78,209**

Net cash used in operating activities

Net cash used in operating activities was RMB67.9 million in 2025, primarily due to our profit before tax of RMB14.3 million and tax paid of RMB1.7 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB6.9 million, depreciation of right-of-use assets of RMB3.5 million, amortisation of intangible assets of RMB0.3 million, finance costs of RMB7.5 million, impairment loss on trade and other receivables and contract assets of RMB28.6 million, impairment loss of inventories of RMB0.9 million, equity-settled share-based payment expenses of RMB2.3 million, and share of losses of joint ventures of RMB1.9 million; and (2) changes in working capital that negatively affected our cash flows, primarily including an increase in trade and bills receivables of RMB67.0 million; an increase in contract assets of RMB119.4 million; and a decrease in contract liabilities of RMB15.7 million; partially offset by changes in working capital that positively affected our cash flows, primarily including a decrease in inventories of RMB22.5 million and an increase in trade and bills payables of RMB37.8 million.

Net cash used in operating activities was RMB4.6 million in 2024, primarily due to our profit before tax of RMB3.1 million and tax paid of RMB2.0 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB6.4 million, depreciation of right-of-use assets of RMB3.0 million, amortisation of intangible assets of RMB0.6 million, finance costs of RMB10.2 million, impairment loss on trade and other receivables and contract assets of RMB7.6 million, impairment loss of inventories of RMB3.4 million, equity-settled share-based payment expenses of RMB1.5 million, and share of losses of joint ventures of RMB3.9 million; and (2) changes in working capital that negatively affected our cash flows, primarily including an increase in contract assets of RMB12.7 million, a decrease in contract liabilities of RMB188.2 million, a decrease in trade and bills payables of RMB30.9 million, and a decrease in provisions of RMB2.2 million; partially offset by changes in working capital that positively affected our cash flows, primarily including a decrease in inventories of RMB157.8 million and a decrease in trade and bills receivables of RMB22.6 million.

Net cash used in operating activities was RMB98.2 million in 2023, primarily due to our loss before tax of RMB1.9 million and tax paid of RMB23.0 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB6.0 million, depreciation of right-of-use assets of RMB3.8 million, amortisation of intangible assets of RMB0.6 million, finance costs of RMB6.7 million, impairment loss on trade and other receivables and contract assets of RMB9.5 million, impairment loss of inventories of RMB1.9 million, equity-settled share-based payment expenses of RMB1.3 million, and share of losses of joint ventures of RMB4.2 million; and (2) changes in working capital that negatively affected our cash flows, primarily including an increase in inventories of RMB49.8 million; an increase in contract assets of RMB82.8 million; and a decrease in other payables of RMB27.5 million; partially offset by changes in working capital that positively affected our cash flows, primarily including a decrease in trade and bills receivables of RMB35.1 million and an increase in trade and bills payables of RMB28.7 million.

Net cash used in investing activities

Net cash flows used in investing activities was RMB8.8 million in 2025, primarily due to purchases of property, plant and equipment and intangible assets of RMB8.8 million.

Net cash flows used in investing activities was RMB7.3 million in 2024, primarily due to purchases of property, plant and equipment and intangible assets of RMB4.5 million and loans paid to joint ventures of RMB2.8 million.

Net cash flows generated from investing activities was RMB12.5 million in 2023, primarily due to loans repaid by related parties of RMB20.0 million, partially offset by purchases of property, plant and equipment and intangible assets of RMB6.8 million and loans paid to a joint venture of RMB0.7 million.

Net cash generated from financing activities

Net cash generated from financing activities was RMB79.8 million in 2025, primarily due to proceeds from new interest-bearing bank loans of RMB234.0 million and proceeds from shares issuance of RMB79.0 million, partially offset by repayment of interest-bearing bank loans of RMB217.1 million, repayment of other borrowings of RMB5.4 million, interest paid for interest-bearing bank loans of RMB5.2 million, and capital element of lease rentals paid of RMB3.2 million.

Net cash generated from financing activities was RMB24.6 million in 2024, primarily due to proceeds from new interest-bearing bank loans of RMB194.9 million and income from other borrowings of RMB11.0 million, partially offset by repayment of interest-bearing bank loans of RMB168.8 million, interest paid for interest-bearing bank loans of RMB6.0 million, and capital element of lease rentals paid of RMB2.5 million.

Net cash used in financing activities was RMB2.6 million in 2023, primarily due to proceeds from new interest-bearing bank loans of RMB216.3 million, partially offset by repayment of interest-bearing bank loans of RMB154.2 million, dividends paid of RMB54.5 million, interest paid for interest-bearing bank loans of RMB3.7 million, and capital element of lease rentals paid of RMB3.4 million.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period were primarily related to purchases of property, plant and equipment, and, to a much lesser extent, additions of intangible assets (i.e., software). The following table sets forth our capital expenditures during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchases of property, plant and equipment	6,386	4,200	8,609
Additions of intangible assets	424	250	223
Total	**6,810**	**4,450**	**8,832**

We funded our capital expenditure requirements during the Track Record Period mainly from a combination of cash flows generated from our operating activities, proceeds from our equity financing and borrowings. We plan to fund our planned capital expenditure with a combination of cash flows generated from our operating activities and [REDACTED] from the [REDACTED], and other debt and equity financing from time to time according to our needs. See "Future Plans and Use of [REDACTED]" for the portion of capital expenditures to be funded by the [REDACTED] from the [REDACTED].

Capital Commitments

During the Track Record Period and up to the Latest Practicable Date, we did not have any material capital commitments.

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted of lease liabilities and interest-bearing bank loans and other borrowings. The following table sets forth the balances of our indebtedness items as of the dates indicated.

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
				(Unaudited)
Current				
Interest-bearing bank loans and other borrowings	168,777	200,231	217,513	244,331
Lease liabilities	613	2,819	2,668	4,269
Non-current				
Other borrowings	—	5,811	—	—
Lease liabilities	439	3,128	1,868	4,938
Total	**169,829**	**211,989**	**222,049**	**253,538**

Interest-bearing Bank Loans and Other Borrowings

Interest-bearing bank loans and other borrowings primarily consisted of bank loans and other borrowings. We recorded interest-bearing bank loans and other borrowings of RMB168.8 million, RMB206.0 million and RMB217.5 million, as of December 31, 2023, 2024 and 2025, respectively. The following table sets forth the breakdown of our borrowings as of the dates indicated.

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
				(Unaudited)
Current				
Interest-bearing bank loans				
— guaranteed but not secured	94,777	54,453	70,000	50,000
— unsecured and unguaranteed	74,000	140,431	141,780	194,331
Other borrowing	—	5,347	5,733	4,269
Total Current	**168,777**	**200,231**	**217,513**	**248,600**
Non-current				
Other borrowing	—	5,811	—	—
Total	**168,777**	**206,042**	**217,513**	**248,600**

During the Track Record Period, the effective interest rates of our interest-bearing bank loans and other borrowings ranged from 3.55% to 4.9%, 2.5% to 5.6% and 2.4% to 5.6%, per annum as of December 31, 2023, 2024 and 2025, respectively. For details of our borrowings, see Note 23 to the Accountants' Report in Appendix I to this document.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank borrowings in the future.

Lease Liabilities

Our lease liabilities were primarily related to our office premises and production facilities. We had lease liabilities of RMB1.1 million, RMB5.9 million and RMB4.5 million as of December 31, 2023, 2024 and 2025, respectively.

Our lease liabilities increased from RMB1.1 million as of December 31, 2023 to RMB5.9 million as of December 31, 2024, primarily due to the renewal of an office lease agreement in March 2024 for an additional three-year term, which resulted in the recognition of incremental right-of-use assets and corresponding lease liabilities of approximately RMB7.4 million, partially offset by scheduled lease payments made during the year. Our lease liabilities decreased from RMB5.9 million as of December 31, 2024 to RMB4.5 million as of December 31, 2025, primarily due to scheduled lease payments applied against outstanding lease obligations during the period, with no material new lease additions to offset the amortization of existing liabilities.

The following table sets forth the current and non-current lease liabilities as of the dates indicated.

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
		(RMB in thousands)		*(Unaudited)*
Current lease liabilities	613	2,819	2,668	4,269
Non-current lease liabilities	439	3,128	1,868	4,938
Total	**1,052**	**5,947**	**4,536**	**9,207**

Statement of Indebtedness

Saved as disclosed above, as of February 28, 2026, we had no bank loans, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities. Our Directors confirm that there had not been any material change in our indebtedness since February 28, 2026 and up to the Latest Practicable Date. As of the Latest Practicable Date, we have unutilized bank facilities of RMB194.8 million.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities or guarantees.

[REDACTED]

[REDACTED]

[REDACTED]

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin(1)	16.1%	23.6%	28.1%
Net profit margin(2)	0.4%	0.9%	2.5%
Adjusted net profit margin(3)	0.6%	1.1%	3.0%
Current ratio(4)	1.1	1.2	1.4
Quick ratio(5)	0.8	1.1	1.3
Gearing ratio(6)	98.2%	118.1%	80.1%

(1) Gross profit divided by revenue.

(2) Profit divided by revenue.

(3) Adjusted net profit divided by revenue.

(4) Current assets divided by current liabilities as of year end.

(5) Current assets less inventories divided by current liabilities as of year end.

(6) Total interest-bearing bank loans and other borrowings and lease liabilities divided by total equity as of year end.

Analysis of Key Financial Ratios

Gross profit margin, net profit margin and adjusted net profit margin

See "— Period to Period Comparison of Results of Operations" for further details.

Current ratio and quick ratio

Our current ratio increased from 1.1 as of December 31, 2023 to 1.2 as of December 31, 2024, and our quick ratio increased from 0.8 to 1.1 over the same period, primarily due to a significant decrease in contract liabilities from RMB237.2 million to RMB49.0 million, reflecting the completion and revenue recognition of major projects in 2024, which reduced current liabilities at a faster pace than the decrease in current assets. Our current ratio further increased to 1.4 as of December 31, 2025, and our quick ratio further increased to 1.3 as of December 31, 2025, primarily due to a substantial increase in contract assets from RMB112.8 million to RMB220.2 million, reflecting progress on new projects secured in 2025.

Gearing ratio

Our gearing ratio increased from 98.2% as of December 31, 2023 to 118.1% as of December 31, 2024, primarily due to an increase in total interest-bearing bank loans and other borrowings from RMB168.8 million to RMB206.0 million to support our business expansion, partially offset by an increase in total equity. Our gearing ratio decreased to 80.1% as of December 31, 2025, primarily due to a significant increase in total equity resulting from share issuance and retained profits, which outpaced the increase in bank borrowings.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not related parties. Our Directors are of the view that our related party transactions during the Track Record Period were conducted in the ordinary course of business at arm's length with reference to normal commercial terms, and would not distort our track record results or make our historical results not reflective of our future performance. For further details, see Note 31 to the Accountants' Report in Appendix I to this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Our principal financial instruments comprise bank loans, trade and bills receivables, trade and bills payables, and cash and cash equivalents. The main purpose of these financial instruments is to finance our operations and support our working capital requirements. We also have various other financial assets and liabilities which arise directly from our operations.

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Our Board of Directors reviews and agrees on policies for managing each of these risks, as summarized below.

Interest Rate Risk

Our exposure to interest rate risk relates primarily to our variable-rate bank balances. We currently do not have a formal policy to manage interest rate risk, but we closely monitor interest rate levels. Our interest rate risk exposure arises from variable-rate bank deposits and cash equivalents. We control our financing scale and debt maturity profile to mitigate potential cash flow volatility arising from interest rate fluctuations. In addition, we incorporate pricing adjustment clauses in certain contracts to address fluctuations in underlying costs, which helps manage the broader impact of market price changes on our operations.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between Renminbi and other currencies in which we conduct business may affect our financial condition and results of operations. For details of our foreign currency risk exposure, including a sensitivity analysis to changes in foreign exchange rates, see Note 30(d) to the Accountants' Report to this document.

Credit Risk

We trade with recognized and creditworthy parties. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to ur Group. Our credit risk is primarily attributable to trade receivables, contract assets and other receivables. Our exposure to credit risk arising from cash and cash equivalents, restricted bank deposits, bank acceptance bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which we consider to have low credit risk. We have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. We have no significant concentration of credit risk in industries or countries in which our customers operate.

Liquidity Risk

We monitor our risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of our financial instruments and financial assets, as well as projected cash flows from operations. Our policy is to regularly monitor liquidity requirements and compliance with lending covenants to maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions. We centralize cash management through a treasury function to optimize fund utilization and reduce external financing needs. We maintain a portion of highly liquid reserve assets, such as bank wealth management products, as a buffer to enhance emergency payment capabilities. We have not identified any difficulties in complying with the covenants under our banking facilities.

DIVIDEND POLICY

In 2023, 2024 and 2025, our Company paid cash dividends of RMB54.5 million, nil and nil, respectively. See Note 29(b) to the Accountants' Report included in Appendix I of this document for details.

PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends by cash and/or by stock in the future after taking into account our profitability, cash flow conditions, corporate development and capital needs. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company's retained profits were RMB26.4 million, which represented our distributable reserves as of the same date.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE [REDACTED]

Our Directors have 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.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2025 (being the period end date on which the latest consolidated financial statements of our Group was prepared) and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

[REDACTED] ADJUSTED CONSOLIDATED [REDACTED]

See Appendix II — "[REDACTED] Financial Information" to this document for details.