*You should note that the acquisition of Feikong Taike (together with its subsidiaries, "**ficonTEC Group**") was completed in May 2025. To follow applicable regulations and disclosure requirements and for the purpose of presenting necessary key data to assess the financial impacts of the acquisition of ficonTEC Group, this document includes the audited historical financial information of ficonTEC Group for the years ended December 31, 2023, 2024, and for the four months ended April 30, 2025 and the discussion and analysis on the historical financial information of ficonTEC Group for the years ended December 31, 2023 and 2024, and the four months ended April 30, 2025 in this section.*

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Reports in Appendix IA and Appendix IB to this document. Our consolidated financial statements have been prepared in accordance with IFRS.

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

OVERVIEW

We are a leading global provider of high-precision intelligent manufacturing equipment and systems, which are critical to increasing computing power and empowering the sustainable advances in AI. Our automated equipment and solutions are essential to the production of optical interconnects, optical sensing and optical computing, as well as photovoltaic ("**PV**") energy systems.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe there are several important factors that have affected and that we expect to continue to affect our results of operations:

Global Demand for AI Compute Capabilities

Our business is driven by end-market applications, such as datacom and telecom, leveraging the performance advantages of photonic solutions, particularly SiPh devices. These markets are characterized by long-term growth trends that are increasing demand for our solutions.

In particular, AI is driving growth in demand for high-performance computing and high-speed data transmission across data centers and networks. As AI models continue to grow in complexity — reaching hundreds of billions to potentially trillions of parameters — the associated compute and memory requirements surpass the capabilities that any single processing unit can handle efficiently.

Our SiPh assembly and testing equipment are essential to the production of optical interconnects. As a result, global demand for AI compute, which is driven by scale of AI adoption and usage, has a broad impact on our growth and financial performance.

Introduction of New Technologies and Products by Our Customers

Our growth and financial performance are influenced by the pace and scale at which technologies are deployed to support the sustainable advancement of AI technologies.

Our growth is intrinsically linked to the global energy transition and the continuous pursuit of higher-efficiency, lower-cost renewable energy solutions. As the power demands of AI and data center infrastructure accelerate, the need for scalable and sustainable energy sources, particularly PV technologies, becomes increasingly critical. This transition necessitates significant investment in new and upgraded manufacturing equipment, which directly drives demand for our PV manufacturing solutions.

In the SiPh space, new optical interconnect technologies based on SiPh, such as CPO and OCS have emerged as solutions to meet demand for high-speed, low-latency data transmission.

We expect to continue to capitalize on our strong and collaborative relationships with our customers to support their new product development and production ramp-up, commercializing their new technologies at scale.

Product Mix

Our product mix plays an important role in our financial performance, as the prices, cost structure and gross margins of our equipment vary both across and within our two principal business lines: SiPh assembly and testing equipment and PV manufacturing solutions. Gross margin from PV manufacturing solutions amounted to 20.6%, 28.1% and 28.4% in 2023 and 2024, and 2025, respectively. Gross margin from SiPh assembly and testing equipment amounted to 27.9% and 36.1% in 2024 and 2025, respectively. In addition, gross margin from SiPh assembly equipment amounted to 27.9% and 32.0% in 2024 and 2025, respectively, while gross margin from SiPh testing equipment amounted to 42.1% in 2025.

The demand cycles for these two business lines may not move in tandem, due to distinct market dynamics. For example, the global intelligent PV manufacturing equipment market is expected to experience a temporary downturn in 2025 due to industry-wide overcapacity, before gradually recovering in subsequent years, according to CIC. In contrast, the intelligent SiPh manufacturing equipment market is expected to grow rapidly, driven by accelerating demand for optical interconnects based on SiPh.

As a result of these divergent trends, we anticipate that SiPh assembly and testing equipment will contribute an increasing proportion of our total revenue in the future. Given that our SiPh business line carries more favorable gross margin compared to our PV business line, this shift in product mix is expected to have a positive impact on our overall gross margin profile.

Investment in Technology and Product Development

We believe our ability to continuously design and develop high-precision intelligent manufacturing equipment and solution is critical to maintaining our technology leadership and supporting our customers in the large-scale commercialization of their technologies. We operate in industries characterized by rapid technological evolution and shifting performance requirements. As such, our revenue growth depends on our ability to consistently develop and introduce new equipment and generational upgrades that align with emerging technologies and our customers' evolving needs.

To remain competitive and expand our product portfolio, we have made and expect to continue to make significant investments in R&D. Our R&D expenses in any given period may fluctuate depending on the scale and scope of specific equipment development or engineering initiatives undertaken during that time. As a result, both the absolute amount and the ratio of R&D expenses to revenue may vary from period to period, which could have an impact on our margins. While investments in new products and generational upgrades may not contribute to revenue in the short term, we believe they are essential to strengthening our market position and will support long-term revenue growth and profitability.

Manufacturing Capacity and Supply Chain Capabilities

We operate a make-to-order model, and our product deliveries depend on our available manufacturing capacity and the strength of our supply chain capabilities. The continued and timely supply of input materials and the availability of our manufacturing capacity impact our ability to meet customer demand.

Our manufacturing capacity is designed to be flexible. We maintain a core team of experienced engineers, technicians, and project managers with the competencies required for end-to-end delivery, while scaling execution through modular production cells, cross-trained personnel, and standardized workflows. This allows us to reallocate resources across projects, adjust shift patterns, and sequence builds to accommodate changes in customer demand and delivery schedules without compromising quality or safety. We also leverage a qualified supplier base with dual-sourcing for key categories, configurable BOMs, i.e. configurable lists of components and materials, and pre-approved alternates to shorten lead times and balance load across our internal and external value chain. Combined with rolling capacity planning, buffer inventories for critical parts, and digital project/manufacturing execution system ("**MES**") scheduling, this model enables us to respond to volume fluctuations and complex integrations efficiently, while maintaining delivery reliability and cost discipline.

Our manufacturing and delivery timelines may be affected by various factors, including supplier lead times, global logistics conditions and supplier capacity allocation. Disruptions or delays in the procurement of key components, or constraints in production capacity during periods of peak demand, could impact our ability to meet customer delivery expectations and may affect our cost structure and margins. We continue to strengthen our supplier network and invest in capacity planning and supply chain resilience to ensure that we are able to respond effectively to customer demand.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with the IFRSs. All IFRSs that are effective for the accounting period beginning on January 1, 2023, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

ACQUISITION OF FICONTEC

For the acquisition of ficonTEC, see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of ficonTEC" (the "**ficonTEC Acquisition**"). The ficonTEC Acquisition was completed in May 2025, and constitutes a major acquisition of our Group within the Track Record Period. After completion of the ficonTEC Acquisition, ficonTEC became our wholly owned subsidiaries.

To comply with the requirements of Rule 4.05A of the Listing Rules, the pre-acquisition consolidated financial information of ficonTEC Group for the period from January 1, 2023 to April 30, 2025, which was drawn up in conformity with the accounting policies adopted by our Group, has been disclosed. For further details, please see "Appendix IB — Accountants' Report of Target Group."

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 4 to "Appendix IA — Accountants' Report of The Group" sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See note 5 to "Appendix IA — Accountants' Report of The Group."

For the purpose of impairment testing, goodwill arising from business combinations is allocated to the respective cash-generating units ("**CGUs**") or groups of CGUs that are expected to benefit from the synergies of the relevant acquisitions.

The recoverable amounts of the CGUs have been determined based on fair value less costs of disposal, which is calculated using the market approach with reference to valuation reports prepared by an independent valuer. The valuation is primarily based on market multiples of comparable companies with similar business nature and operations as the respective CGUs. Key assumptions adopted in the valuation include the applicable market multiples, marketability discount and estimated costs of disposal, which are determined based on management's judgement and market conditions.

Management believes that any reasonably possible change in key assumptions would not cause the carrying amount of the respective CGUs to exceed their recoverable amounts. See note 17 to "Appendix IA — Accountants' Report of the Group."

Difference in Accounting Treatment of Recognition of Goodwill under the PRC GAAP and the IFRS and Their Impacts on Our Accountants' Report

Under the relevant PRC laws and regulations, as a company listed on the Shenzhen Stock Exchange, we prepare our financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, or China Accounting Standards ("**CAS**"), issued by the Ministry of Finance ("**PRC GAAP**") and in compliance with relevant regulatory requirements as published by CSRC. Our historical financial information as set forth in "Appendix IA — Accountants' Report of the Group" is prepared in accordance with the IFRS.

We completed the ficonTEC Acquisition in May 2025. There was a material difference for the year ended December 31, 2025 between the financial information as previously disclosed in our annual report (the "**2025 Annual Financial Information**") and the historical financial information included in the accountants' report prepared under the IFRS (the "**IFRS Financial Information**"), due to the recognition and measurement of the fair values of the consideration transferred for the ficonTEC Acquisition are different under the PRC practice and the IFRS. As explained further below, such differences arose primarily due to a specific aspect of applying the acquisition accounting treatment in the 2025 Annual Financial Information and IFRS Financial Information, specifically in determining the amount of consideration transferred, which in turn determines the amount of goodwill arising from the ficonTEC Acquisition.

The consideration transferred in the 2025 Annual Financial Information was approximately RMB1,226.6 million, which was consistent with the prevailing accounting practice of most A-share listed companies. This amount was determined in accordance with the relevant requirements of the Accounting Standards for Business Enterprises, specifically focusing on the sum of the fair value of newly acquired equity interests and the historical cost of any previously held equity interests.

In connection with our IFRS Financial Information, the consideration transferred was measured using the fair value of our equity interests as at the acquisition date, on the basis of the guidance set out in IFRS 3. The consideration transferred was approximately RMB1,892.9 million.

Accordingly, the amount of goodwill arising from the ficonTEC Acquisition which we report in the IFRS Financial Information is RMB1,653.6 million, which is RMB666.3 million higher as compared to the amount in the 2025 Annual Financial Information.

The difference mentioned above would have a consequential impact resulting in a difference between the amount of gain on remeasurement for step acquisition as reported by the Company in the 2025 Financial Information and the one in IFRS Financial Information in respect of the year ended December 31, 2025.

We confirm that the audit opinion for our relevant PRC financial statements throughout the Track Record Period was unmodified. The Reporting Accountants concur with the different bases used to determine the consideration transferred, which resulted in the difference in the amount of initial goodwill recognized and the amount of gain on remeasurement for step acquisition, confirming compliance with PRC financial statements.

As a result of these differences, our total equity and net profit/(loss) as disclosed in our Group's A-share annual reports differ from the amounts presented in this document under IFRS for the relevant periods. For the year ended December 31, 2024, our total equity was RMB1,004.9 million and our net profit was RMB63.2 million under PRC GAAP, compared to RMB1,004.9 million and RMB63.2 million respectively, under IFRS. For the year ended December 31, 2025, our total equity was RMB1,671.1 million and our net loss was RMB65.9 million under 2025 Annual Financial Information, compared to RMB2,337.4 million and a net loss of RMB45.0 million respectively, under IFRS.

See "Appendix IA — Accountants' Report of the Group" for further details of the recognition of goodwill under the IFRS.

RESULTS OF OPERATIONS

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Revenue	**1,569,649**	**100.0%**	**1,104,248**	**100.0%**	**948,838**	**100.0%**
Cost of sales	(1,226,230)	(78.1)%	(787,733)	(71.3)%	(621,311)	(65.5)%
Gross profit	**343,419**	**21.9%**	**316,515**	**28.7%**	**327,527**	**34.5%**
Other income	13,310	0.8%	18,349	1.7%	16,499	1.7%
Other gains/(losses), net	4,146	0.3%	(323)	(0.0)%	46,072	4.9%
Selling and marketing expenses	(49,342)	(3.1)%	(54,450)	(4.9)%	(93,831)	(9.9)%
Administrative expenses	(67,414)	(4.3)%	(53,212)	(4.8)%	(121,523)	(12.8)%
Research and development expenses	(85,829)	(5.5)%	(84,357)	(7.6)%	(106,267)	(11.2)%
Provision for impairment losses on assets, net	(60,925)	(3.9)%	(68,748)	(6.2)%	(87,855)	(9.3)%
Finance costs, net	(13,012)	(0.8)%	(15,913)	(1.4)%	(29,969)	(3.2)%
Share of results of associates	969	0.0%	2,570	0.2%	(1,074)	(0.0)%
Profit/(Loss) before income tax	**85,322**	**5.4%**	**60,431**	**5.5%**	**(50,421)**	**(5.3)%**
Income tax (expense)/credit	(5,853)	(0.4)%	2,745	0.2%	5,465	0.6%
Profit/(Loss) for the year	**79,469**	**5.1%**	**63,176**	**5.7%**	**(44,956)**	**(4.7)%**

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we mainly generated revenue from (i) PV manufacturing solutions and (ii) to a lesser extent, high-precision assembly and testing equipment for SiPh devices.

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
PV manufacturing solutions	1,490,398	95.0%	1,021,418	92.5%	433,059	45.6%
SiPh assembly and testing equipment	–	–	50,178	4.5%	439,131	46.3%
Others(1)	79,251	5.0%	32,652	3.0%	76,648	8.1%
Total	**1,569,649**	**100.0%**	**1,104,248**	**100.0%**	**948,838**	**100.0%**

Note:

(1) Mainly including technical services, other equipment and spare parts to serve our customers various needs.

PV Manufacturing Solutions

Revenue from PV manufacturing solutions primarily comprises PV manufacturing equipment and intelligent manufacturing solutions.

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
PV manufacturing equipment	1,465,204	98.3%	975,768	95.5%	363,240	83.9%
Intelligent manufacturing solutions	25,194	1.7%	45,650	4.5%	69,819	16.1%
Total	**1,490,398**	**100.0%**	**1,021,418**	**100.0%**	**433,059**	**100.0%**

SiPh Assembly and Testing Equipment

We began by delivering high-yield manufacturing solutions for PV manufacturers, enabling stable, scalable production of PV cells. Building on that foundation, we expanded into the SiPh sectors through the strategic investment of ficonTEC. Revenue from SiPh assembly and testing equipment primarily comprised of assembly and testing equipment in collaboration with ficonTEC prior to its acquisition, and through ficonTEC following its acquisition in May 2025.

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Assembly equipment	–	–	50,178	100.0%	262,945	59.9%
Testing equipment	–	–	–	–	176,186	40.1%
Total	**–**	**–**	**50,178**	**100.0%**	**439,131**	**100.0**

By Geographical Location

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Chinese Mainland	1,232,831	78.5%	814,963	73.8%	291,159	30.7%
India	66,409	4.2%	199,000	18.0%	156,528	16.5%
Germany	25,197	1.6%	52,240	4.7%	69,118	7.3%
Thailand	225,419	14.4%	1,098	0.1%	186,109	19.6%
The United States	–	–	31,013	2.8%	30,127	3.2%
Israel	–	–	–	–	53,539	5.6%
Taiwan, China	–	–	5	–	85,130	9.0%
Other countries/regions(1)	19,793	1.3%	5,929	0.5%	77,128	8.1%
Total	**1,569,649**	**100.0%**	**1,104,248**	**100.0%**	**948,838**	**100.0%**

Note:

(1) Mainly including Malaysia, Indonesia and Canada.

Geographical breakdown of our revenue is presented based on delivery or the shipping destination.

Cost of Sales

Our cost of sales primarily consists of (i) cost of materials, net of write-down of inventories, (ii) cost of manufacturing and (iii) cost of labor. During the Track Record Period, our cost of raw materials, as a percentage of total cost of sales, continued to decrease due to cost control measures.

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Cost of raw materials	1,095,912	89.4%	682,118	86.6%	444,466	71.6%
Cost of manufacturing	89,670	7.3%	76,549	9.7%	105,772	17.0%
Cost of labor	40,648	3.3%	29,066	3.7%	71,073	11.4%
Total	**1,226,230**	**100.0%**	**787,733**	**100.0%**	**621,311**	**100.0%**

Gross Profit and Gross Margin

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin(2)	Gross Profit	Gross Margin(2)	Gross Profit	Gross Margin(2)
	(in RMB thousands, except for percentages)					
PV manufacturing solutions	306,422	20.6%	286,922	28.1%	123,060	28.4%
SiPh assembly and testing equipment	–	–	14,003	27.9%	158,309	36.1%
Others(1)	36,997	46.7%	15,590	47.9%	46,158	60.2%
Total/Overall(2)	**343,419**	**21.9%**	**316,515**	**28.7%**	**327,527**	**34.5%**

Notes:

(1) Mainly including technical services, other equipment and spare parts to serve our customers various needs.

(2) The overall gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

PV manufacturing solutions

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin(1)	Gross Profit	Gross Margin(1)	Gross Profit	Gross Margin(1)
	(in RMB thousands, except for percentages)					
PV manufacturing equipment	299,130	20.4%	279,131	28.6%	113,861	31.3%
Intelligent manufacturing solutions	7,292	28.9%	7,791	17.1%	9,199	13.2%
Total	**306,422**	**20.6%**	**286,922**	**28.1%**	**123,060**	**28.4%**

Note:

(1) The overall gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

SiPh assembly and testing equipment

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin(1)	Gross Profit	Gross Margin(1)	Gross Profit	Gross Margin(1)
	(in RMB thousands, except for percentages)					
Assembly equipment	–	–	14,003	27.9%	84,104	32.0%
Testing equipment	–	–	–	–	74,205	42.1%
Total	**–**	**–**	**14,003**	**27.9%**	**158,309**	**36.1%**

Note:

(1) The overall gross margin is calculated as gross profit for the year divided by revenue for the corresponding year and multiplied by 100%.

Other Income

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Government grants	2,773	20.8%	1,737	9.5%	8,597	52.1%
Refund of value-added tax	8,378	63.0%	14,501	79.0%	6,636	40.2%
Rental income	1,888	14.2%	2,050	11.2%	974	5.9%
Interest income from financial assets	217	1.6%	–	–	–	–
Sundry income	54	0.4%	61	0.3%	292	1.8%
Total	**13,310**	**100.0%**	**18,349**	**100.0%**	**16,499**	**100.0%**
as % of total revenue		*0.8*		*1.7*		*1.7*

Other Gains/(Losses), Net

Other gains/(losses), net consist of (i) gain on remeasurement for step acquisition in connection with the ficonTEC Acquisition, (ii) net (losses)/gains on disposal/written-off property, plant and equipment, (iii) net foreign exchange gains/(loss) and (iv) gain on deemed disposal of an associate.

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands, except for percentages)		
Gain on remeasurement for step acquisition	–	–	48,447
Net (losses)/gains on disposal/written-off property, plant and equipment	292	(2)	(76)
Net foreign exchange gains/(loss)	1,653	(711)	(2,449)
Gain on deemed disposal of an associate	3,090	–	–
Net realized and unrealized gain on derivative financial instruments	–	–	902
Others[(1)]	(889)	390	(752)
Total	**4,146**	**(323)**	**46,072**
as % of total revenue			

Note:

(1) Mainly including individual income tax reimbursements and handling fees.

Selling and Marketing Expenses

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Staff cost	27,434	55.6%	30,217	55.5%	34,473	36.7%
Office, travel and business development expenses	14,408	29.2%	16,002	29.4%	11,263	12.0%
Sales service fees	1,452	2.9%	8,688	16.0%	41,703	44.4%
Advertising expenses	1,466	3.0%	1,107	2.0%	4,925	5.3%
Share-based payments	3,868	7.8%	(2,385)	(4.4)%	–	–
Others[(1)]	714	1.5%	821	1.5%	1,467	1.6%
Total	**49,342**	**100.0%**	**54,450**	**100.0%**	**93,831**	**100.0%**
as % of total revenue		*(3.1)*		*(4.9)*		*(9.9)*

Note:

(1) Mainly including depreciation expenses, lease expenses and property management fees.

Administrative Expenses

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Staff cost	20,494	30.4%	21,421	40.3%	34,691	28.5%
Depreciation and amortization expenses	4,906	7.3%	4,660	8.8%	28,020	23.1%
Office, travel and business development expenses	7,118	10.5%	7,736	14.5%	18,061	14.9%
Professional service and management fees[(2)]	8,085	12.0%	9,373	17.6%	15,000	12.3%
Tax and surcharge	6,413	9.5%	10,449	19.6%	8,934	7.4%
Rental expenses	974	1.4%	1,014	1.9%	631	0.5%
Donation	5	0.0%	1,010	1.9%	234	0.2%
Share-based payments	16,149	24.0%	(7,990)	(15.0)%	–	–
Others[(1)]	3,270	4.9%	5,539	10.4%	15,952	13.1%
Total	**67,414**	**100.0%**	**53,212**	**100.0%**	**121,523**	**100.0%**
as % of total revenue		*(4.3)*		*(4.8)*		*(12.8)*

Notes:

(1) Mainly including bank handling fees, insurance premiums, security and cleaning service fees.

(2) Including the management service fees paid to the management of ficonTEC.

Research and Development Expenses

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Staff cost	42,804	49.9%	46,780	55.5%	65,362	61.5%
Raw material costs	16,894	19.7%	23,451	27.8%	14,903	14.0%
Depreciation and amortization expenses	13,736	16.0%	12,148	14.4%	13,621	12.8%
Share-based payments	5,609	6.5%	(2,741)	(3.3)%	–	–
Others[(1)]	6,786	7.9%	4,719	5.6%	12,381	11.7%
Total	**85,829**	**100.0%**	**84,357**	**100.0%**	**106,267**	**100.0%**
as % of total revenue		*(5.5)*		*(7.6)*		*(11.2)*

Note:

(1) Mainly including travel expenses, patent fees, courier fees and insurance premiums.

Provision for Impairment Losses on Assets, Net

Our provision for impairment losses on assets, net includes inventories, trade receivables, other receivables and contract assets. In 2023, 2024 and 2025, our provision for impairment losses on assets, net amounted to RMB60.9 million, RMB68.7 million and RMB87.9 million.

Finance Costs, Net

	Year ended December 31,					
	2023		2024		2025	
	(in RMB thousands, except for percentages)					
Interest expenses on bank borrowings	12,836	98.6%	22,138	139.1%	35,234	117.6%
Interest expenses on lease liabilities	8	0.1%	3	0.0%	578	1.9%
Interest expenses on discounted bills receivable	1,256	9.7%	247	1.6%	564	1.9%
Interest income from bank balances	(1,088)	(8.4)%	(6,475)	(40.7)%	(6,407)	(21.4)%
Total	**13,012**	**100.0%**	**15,913**	**100.0%**	**29,969**	**100.0%**
as % of total revenue		*0.8*		*1.4*		*3.2*

Income Tax (Expenses)/Credit

We recorded income tax expenses of RMB5.9 million in 2023. We recorded income tax credit of RMB2.7 million and RMB5.5 million in 2024 and 2025, respectively. During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes. For the statutory tax rate and preferential income tax rates applicable to our Company and our subsidiaries, see note 11 to "Appendix IA — Accountants' Report of The Group."

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue decreased by 14.1% from RMB1,104.2 million for the year ended December 31, 2024 to RMB948.8 million for the year ended December 31, 2025, primarily due to the decrease in revenue from PV manufacturing solutions.

PV Manufacturing Solutions

Our revenue from PV manufacturing solutions decreased by 57.6% from RMB1,021.4 million for the year ended December 31, 2024 to RMB433.1 million for the year ended December 31, 2025.

PV manufacturing equipment decreased by 62.8% from RMB975.8 million to RMB363.2 million. This decrease was driven by sector-wide demand weakness amid overcapacity in the year ended December 31, 2025, which negatively affected PV product prices and led to slower production capacity expansion, fewer projects moving into construction or production. In addition, to maintain profitability and cash discipline, we deliberately prioritized key customers and projects, which further impacted sales during the period.

Since 2024, the global PV sector experienced a supply-demand adjustment, a consequence of the significant production capacity expansion undertaken by downstream manufacturers in prior periods which outpaced near-term end-market demand, according to CIC. This supply-demand imbalance was particularly evident in the PRC market and was exacerbated by a weakening end-market demand. This combination of factors resulted in sector-wide demand weakness amid overcapacity, which negatively affected PV product prices and led to slower production capacity expansion, with fewer projects moving into construction or production. In response to the supply-demand adjustments, we adopted a disciplined commercial strategy to optimize our operational performance. This market environment, marked by a general slowdown in new project investments by downstream manufacturers, prompted us to refine our commercial focus. Rather than pursuing revenue growth in a challenging market, we deliberately shifted our resources to prioritize projects and customers with stronger profitability profiles and lower credit risk. While this strategic prioritization resulted in a decrease in our overall sales volume for the period, it was a proactive measure intended to safeguard our gross margin, enhance cash flow stability, and fortify our market position.

Intelligent manufacturing solutions increased by 52.9% from RMB45.7 million in 2024 to RMB69.8 million in 2025. Growth was primarily attributable to our strategy to better utilize production and delivery capacity amid a decline in PV manufacturing equipment orders, allowing us to accelerate executions and deliveries in intelligent manufacturing projects and capture market demand.

SiPh Assembly and Testing Equipment

Our revenue from SiPh assembly and testing equipment amounted to RMB50.2 million for the year ended December 31, 2024 and RMB439.1 million for the year ended December 31, 2025. Revenue for the year ended December 31, 2024 primarily reflected the Valeo in-vehicle camera assembly station project jointly delivered by us and ficonTEC. Revenue for the year ended December 31, 2025 primarily reflected manufacturing equipment projects we executed in collaboration with ficonTEC prior to its acquisition, as well as contributions from ficonTEC following its consolidation into our Group in May 2025.

Others

Our other revenue increased by 134.7% from RMB32.7 million for the year ended December 31, 2024 to RMB76.6 million in the year ended December 31, 2025, primarily due to the contributions from ficonTEC following its consolidation into our Group in May 2025 and changes in customer demand of our technical services, other equipment and spare parts.

Cost of Sales

Our cost of sales decreased by 21.1% from RMB787.7 million for the year ended December 31, 2024 to RMB621.3 million for the year ended December 31, 2025, primarily due to the decrease in revenue from our PV manufacturing solutions business. In addition, our cost of labor increased by 144.5% from RMB29.1 million for the year ended December 31, 2024 to RMB71.1 million for the year ended December 31, 2025 due to the higher cost of labor subsequent to the ficonTEC Acquisition.

Gross Profit and Gross Margin

Our gross profit increased by 3.5% from RMB316.5 million for the year ended December 31, 2024 to RMB327.5 million for the year ended December 31, 2025 and our gross margin increased from 28.7% to 34.5%, respectively.

PV Manufacturing Solutions

Our gross profit from PV manufacturing solutions decreased from RMB286.9 million for the year ended December 31, 2024 to RMB123.1 million for the year ended December 31, 2025. The overall decline reflects lower revenue amid industry downturn. As a result, the gross margin remained stable at 28.1% and 28.4%.

Gross profit from PV manufacturing equipment decreased from RMB279.1 million to RMB113.9 million, and gross margin increased from 28.6% to 31.3%, respectively. The increase in gross margin, despite the challenging market conditions, was primarily attributable to our strategy to selectively focus on key customers and higher-margin projects. During this period of industry overcapacity and intensified price competition, our proactive measures to prioritize orders that offered better profitability and lower credit risk successfully enhanced the margin profile of the projects we delivered, even as the lower sales volume led to a decrease in the absolute amount of gross profit.

Gross profit from intelligent manufacturing solutions increased from RMB7.8 million to RMB9.2 million, while gross margin decreased from 17.1% to 13.2%, primarily due to the challenging market conditions. The increase in gross profit is driven by revenue increase. During this period, we strategically accepted a broader project base to ensure capacity utilization, deepen customer relationships, and sustain delivery momentum, which lowered our gross margin, as solution margin profile is affected by customer-specific requirements.

SiPh Assembly and Testing Equipment

Our gross profit from SiPh assembly and testing equipment amounted to RMB14.0 million and RMB158.3 million for the year ended December 31, 2024 and 2025, respectively. Gross margin amounted to 27.9% and 36.1% for the same periods, respectively. Gross profit and gross margin for the year ended December 31, 2024 primarily reflected the Valeo in-vehicle camera assembly station project jointly delivered by us and ficonTEC. Gross profit and gross margin for the year ended December 31, 2025 primarily reflected manufacturing equipment projects we executed in collaboration with ficonTEC prior to its acquisition, as well as contributions from ficonTEC following its consolidation into our Group in May 2025. Following the acquisition, the SiPh assembly and testing equipment segment began to include ficonTEC's business, which typically carries higher margins and hence our gross profit increased.

Others

Our gross profit from other increased from RMB15.6 million for the year ended December 31, 2024 to RMB46.2 million for the year ended December 31, 2025, primarily due to the contributions from ficonTEC following its consolidation into our Group in May 2025 and changes in customer demand of our technical services, other equipment and spare parts.

Other Income

Our other income decreased by 10.1% from RMB18.3 million for the year ended December 31, 2024 to RMB16.5 million for the year ended December 31, 2025, primarily due to (i) a decrease in refund of value-added tax from RMB14.5 million for the year ended December 31, 2024 to RMB6.6 million for the year ended December 31, 2025 and (ii) a decrease in rental income from RMB2.1 million for the year ended December 31, 2024 to RMB1.0 million for the year ended December 31, 2025, partially offset by an increase in government grants from RMB1.7 million for the year ended December 31, 2024 to RMB8.6 million for the year ended December 31, 2025.

Other Gains/(Losses), Net

Other gains, net increased from other loss, net of RMB0.3 million for the year ended December 31, 2024 to other gains, net of RMB46.1 million for the year ended December 31, 2025, primarily due to an increase in gain on remeasurement for step acquisition in connection with the ficonTEC Acquisition, partially offset by a decrease in others from RMB0.4 million for the year ended December 31, 2024 to negative RMB0.8 million for the year ended December 31, 2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 72.3% from RMB54.5 million for the year ended December 31, 2024 to RMB93.8 million for the year ended December 31, 2025, primarily due to (i) we recorded a reversal of share-based payments of RMB2.4 million in the year ended December 31, 2024, as vesting conditions were not met, (ii) an increase in sales service fees paid to sales representatives related to sales in other markets from RMB8.7 million to RMB41.7 million, which represent sales commissions paid to sales representatives and are not related to any distributors. The increase was mainly due to a higher proportion of PV projects in India, where projects typically involve sales commissions, and additional commission expenses in the SiPh business following the consolidation of ficonTEC; and (iii) an increase in advertising expenses from RMB1.1 million to RMB4.9 million due to the increased sales and marketing activities. Selling and marketing expenses as percentage of total revenue increased from 4.9% for the year ended December 31, 2024 to 9.9% for the year ended December 31, 2025 due to the decrease in revenue during the period as well as the impact of ficonTEC's higher expense ratio following the consolidation of ficonTEC.

Administrative Expenses

Our administrative expenses increased by 128.4% from RMB53.2 million for the year ended December 31, 2024 to RMB121.5 million for the year ended December 31, 2025, primarily due to (i) an increase in staff cost from RMB21.4 million to RMB34.7 million in connection with the integration of ficonTEC subsequent to the ficonTEC Acquisition; (ii) an increase in depreciation and amortization expenses from RMB4.7 million to RMB28.0 million in connection with the integration of ficonTEC subsequent to the ficonTEC Acquisition; and (iii) a reversal of share-based payments of RMB8.0 million for the year ended December 31, 2024, as vesting conditions were not met. Administrative expenses as percentage of total revenue increased from 4.8% for the year ended December 31, 2024 to 12.8% for the year ended December 31, 2025 due to the decrease in revenue during the period as well as the impact of ficonTEC's higher expense ratio following the consolidation of ficonTEC.

Research and Development Expenses

Our research and development expenses increased by 26.0% from RMB84.4 million for the year ended December 31, 2024 to RMB106.3 million for the year ended December 31, 2025. Research and development expenses as percentage of total revenue increased from 7.6% for the year ended December 31, 2024 to 11.2% for the year ended December 31, 2025 due to (i) an increase in staff cost from RMB46.8 million to RMB65.4 million, (ii) an increase in depreciation and amortization from RMB12.1 million to RMB13.6 million and (iii) an increase in others from RMB4.7 million to RMB12.4 million, partially offset by a decrease in raw material cost from RMB23.5 million to RMB14.9 million.

Provision for Impairment Losses on Assets, Net

Our provision for impairment losses on assets, net increased from RMB68.7 million in 2024 to RMB87.9 million in 2025, primarily due to an increase in impairment losses on trade and bills receivables.

Finance Costs, Net

Our finance costs, net increased by 88.3% from RMB15.9 million for the year ended December 31, 2024 to RMB30.0 million for the year ended December 31, 2025, primarily due to a 59.2% increase in interest expenses on bank borrowings from RMB22.1 million for the year ended December 31, 2024 to RMB35.2 million for the year ended December 31, 2025, mainly attributable to the increase in principal of borrowings.

Profit/(Loss) for the Period

In 2025, we recorded a net loss of RMB45.0 million, a shift from a net profit of RMB63.2 million in 2024. This performance was principally driven by our PV manufacturing solutions segment, which faced significant industry-wide headwinds and was the primary contributor to the loss. See also "Summary — Summary of Historical Financial Information — Results of Operations."

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

Revenue

Our revenue decreased by 29.7% from RMB1,569.6 million in 2023 to RMB1,104.2 million in 2024, primarily due to the decrease in revenue from PV manufacturing solutions.

PV Manufacturing Solutions

Our revenue from PV manufacturing solutions decreased by 31.5% from RMB1,490.4 million in 2023 to RMB1,021.4 million in 2024, primarily due to downstream overcapacity in the PV sector and a decrease in demand.

Revenue from PV manufacturing equipment decreased by 33.4% from RMB1,465.2 million in 2023 to RMB975.8 million in 2024. Although the PV sector moved into a down-cycle in 2024 — following a price-down cycle and overcapacity that compressed market demand, our management identified these signals early and took proactive measures. Specifically, we strategically prioritized key customers and projects with better margin profiles and lower credit risks, and accelerated fulfillment cycle to maintain more favorable pricing and margin profile. While this approach reduced revenue, it supported profitability and cash flow resilience in a challenging environment.

By contrast, revenue from intelligent manufacturing solutions increased by 81.2% from RMB25.2 million in 2023 to RMB45.7 million in 2024. This growth was primarily driven by our strategy to better utilize production and delivery capacity amid a slowdown in PV equipment orders, which enabled us to accelerate execution and deliveries and capture market demand.

SiPh Assembly and Testing Equipment

Our revenue from SiPh assembly and testing equipment increased from nil in 2023 to RMB50.2 million in 2024, primarily due to progress in our strategic expansion into the SiPh manufacturing sector through collaboration with ficonTEC. The principal contributor was the Valeo in-vehicle camera assembly station project jointly delivered by us and ficonTEC.

Others

Our revenue from others decreased by 58.8% from RMB79.3 million in 2023 to RMB32.7 million in 2024, primarily due to changes in customer demand of our technical services, other equipment and spare parts.

Cost of Sales

Our cost of sales decreased by 35.8% from RMB1,226.2 million in 2023 to RMB787.7 million in 2024, primarily due to the decrease in revenue from our PV manufacturing solutions business.

Gross Profit and Gross Margin

Our gross profit decreased by 7.8% from RMB343.4 million in 2023 to RMB316.5 million in 2024. Gross margin increased from 21.9% in 2023 to 28.7% in 2024.

PV Manufacturing Solutions

Our gross profit from PV manufacturing solutions decreased by 6.4% from RMB306.4 million in 2023 to RMB286.9 million in 2024, while overall gross margin increased from 20.6% to 28.1%.

Gross profit of PV manufacturing equipment decreased from RMB299.1 million in 2023 to RMB279.1 million in 2024, while gross margin increased from 20.4% to 28.6%. Our management anticipated the industry down-cycle and softer demand, and proactively prioritized customers and projects with better margin profiles and lower credit risks, and, accelerated fulfillment cycle to maintain more favorable pricing and margin profile. We also adopted company-wide cost-reduction and efficiency initiatives — disciplined procurement through supplier management, price benchmarking and competitive bidding, and production workflow optimization that enhanced labor and throughput efficiency.

Gross profit of intelligent manufacturing solutions increased from RMB7.3 million to RMB7.8 million, while gross margin decreased from 28.9% to 17.1%. To sustain utilization and deepen customer engagement during the year, we tactically accepted a broader project base, which lowered our gross margin, as solution margin profile is affected by customer-specific requirements.

SiPh Assembly and Testing Equipment

Our gross profit from SiPh assembly and testing equipment increased from nil in 2023 to RMB14.0 million in 2024. Gross margin amounted to 27.9% in 2024.

Others

Our gross profit from others decreased by 57.9% from RMB37.0 million in 2023 to RMB15.6 million in 2024, primarily due to changes in supply-demand dynamic of our technical services, other equipment and spare parts.

Other Income

Our other income increased by 37.9% from RMB13.3 million in 2023 to RMB18.3 million in 2024, primarily due to an increase in refund of value-added tax from RMB8.4 million in 2023 to RMB14.5 million in 2024.

Other Gains/(Losses), Net

Other gains/(losses), net decreased from a gain of RMB4.1 million in 2023 to a loss of RMB0.3 million in 2024, primarily due to (i) net foreign exchange gains/(losses) changed from a gain of RMB1.7 million in 2023 to a loss of RMB0.7 million in 2024, mainly attributable to unfavorable fluctuation of currency exchange rate; and (ii) a RMB3.1 million decrease in gain on deemed disposal of an associate, mainly attributable to dilution of interest in an associate of our Group caused by additional contribution from an investor of the associate in 2023.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 10.4% from RMB49.3 million in 2023 to RMB54.5 million in 2024, primarily due to (i) an increase in staff cost from RMB27.4 million in 2023 to RMB30.2 million in 2024 due to increase in headcount; and (ii) an increase in sales service fees from RMB1.5 million in 2023 to RMB8.7 million in 2024 due to more sales in markets other than Chinese Mainland through sales representatives. The ratio of expenses to revenue increased in 2024 as our revenue decreased in the year.

Administrative Expenses

Our administrative expenses decreased by 21.1% from RMB67.4 million in 2023 to RMB53.2 million in 2024, primarily due to a decrease in share-based payments from RMB16.1 million in 2023 to a reversal of share-based payments of RMB8.0 million in 2024, as vesting conditions were not met. The ratio of expenses to revenue increased in 2024 as our revenue decreased at a higher pace in the year.

Research and Development Expenses

Our research and development expenses remained stable at RMB85.8 million in 2023 and RMB84.4 million in 2024. The ratio of expenses to revenue increased in 2024 as our revenue decreased at a higher pace in the year.

Provision of Impairment Losses on Financial Assets, Net

Our provision for impairment losses on financial assets, net increased from RMB60.9 million in 2023 to RMB68.7 million in 2024, primarily due to changes in the aging profile of trade receivables and the scale of contract assets.

Finance Costs, Net

Our finance costs, net increased by 22.3% from RMB13.0 million in 2023 to RMB15.9 million in 2024, primarily due to an increase in interest expenses on bank borrowings from RMB12.8 million in 2023 to RMB22.1 million in 2024, mainly attributable to the increase in principal of borrowings, and partially offset by an increase in interest income from bank balances from RMB1.1 million in 2023 to RMB6.5 million in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 20.5% from RMB79.5 million in 2023 to RMB63.2 million in 2024, and our net margin increased from 5.1% in 2023 to 5.7% in 2024.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through a combination of cash generated from restricted bank deposits and pledged deposits. As of December 31, 2025, we had cash and cash equivalents of RMB263.7 million. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from operations and net **[REDACTED]** from the **[REDACTED]**.

Taking into account the net **[REDACTED]** from the **[REDACTED]** and cash generated from our operating activities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this Document.

Net Current Assets/Liabilities

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

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
		(in RMB thousands)		
				(unaudited)
Current assets:				
Inventories	500,619	205,171	410,481	467,433
Trade and bills receivables	362,381	518,718	751,036	688,813
Deposits, prepayments and other receivables	63,268	51,686	54,556	87,799
Contract assets	566,184	480,091	235,868	197,588
Tax recoverable	–	2,031	1,296	1,611
Financial assets at FVTPL	–	15,000	48,538	31,110
Derivative financial instruments	–	–	571	885
Pledged and restricted bank deposits	23,691	1,528	20,764	20,547
Cash and cash equivalents	215,118	298,593	263,662	304,764
Total current assets	**1,731,261**	**1,572,818**	**1,786,772**	**1,800,550**
Current liabilities:				
Trade and bills payables	621,830	195,813	324,034	299,505
Other payables and accruals	87,102	42,745	134,707	96,264
Contract liabilities	204,174	98,808	157,428	179,493
Borrowings	651,414	983,383	1,004,453	1,074,609
Lease liabilities	131	–	4,305	4,201
Income tax payable	2,428	602	9,618	42
Total current liabilities	**1,567,079**	**1,321,351**	**1,634,545**	**1,654,114**
Net current assets	**164,182**	**251,467**	**152,227**	**146,436**

Comparison between December 31, 2025 and December 31, 2024

Our net current assets decreased from RMB251.5 million as of December 31, 2024 to RMB152.2 million as of December 31, 2025, primarily due to (i) an increase in trade and bills payables from RMB195.8 million to RMB324.0 million, (ii) an increase in contract liabilities from RMB98.8 million to RMB157.4 million, and (iii) an increase in other payables and accruals from RMB42.7 million to RMB134.7 million, partially offset by (iv) an increase in trade and bills receivables from RMB518.7 million to RMB751.0 million, and (v) an increase in inventories from RMB205.2 million to RMB410.5 million.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets increased from RMB164.2 million as of December 31, 2023 to RMB251.5 million as of December 31, 2024, primarily due to (i) a decrease in trade and bills payables from RMB621.8 million to RMB195.8 million, (ii) a decrease in contract liabilities from RMB204.2 million to RMB98.8 million and (iii) an increase in trade and bills receivables from RMB362.4 million to RMB518.7 million, partially offset by a decrease in inventories from RMB500.6 million to RMB205.2 million.

SELECTED BALANCE SHEET ITEMS

Inventories

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

	As of December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Raw materials	50,708	40,056	126,026
Work in progress	118,734	59,611	225,539
Finished goods	358,549	162,249	111,430
Less: provision for impairment	(27,372)	(56,745)	(52,514)
Total	**500,619**	**205,171**	**410,481**

Our inventories decreased from RMB500.6 million as of December 31, 2023 to RMB205.2 million as of December 31, 2024, primarily due to (i) a decrease in finished goods from RMB358.5 million to RMB162.2 million, (ii) a decrease in work in progress from RMB118.7 million to RMB59.6 million and (iii) a decrease in raw materials from RMB50.7 million to RMB40.1 million, reflecting our management of inventory level in response to the decrease in orders and our efforts to shorten fulfillment cycle.

Our inventories increased from RMB205.2 million as of December 31, 2024 to RMB410.5 million as of December 31, 2025, primarily due to (i) an increase in work in progress from RMB59.6 million to RMB225.5 million and (ii) an increase in raw materials from RMB40.1 million to RMB126.0 million, reflecting the impacts of the ficonTEC Acquisition. We have made provision for inventory write-downs in accordance with the requirements of the applicable accounting standards. During the Track Record Period, we recognized inventory write-downs of RMB18.6 million, RMB50.5 million and RMB16.8 million as expenses in 2023, 2024 and 2025, respectively.

Aging Analysis

The table below sets forth an aging analysis of our inventories as of the dates indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Within 1 year	476,145	213,937	208,785
1 to 2 years	43,200	25,240	172,916
Over 2 years	8,647	22,739	81,294
Less: provision for inventory write-down	*(27,372)*	*(56,745)*	*(52,514)*
Total	**500,619**	**205,171**	**410,481**

Turnover Days

The table below sets forth the turnover days of our inventories for the years/period indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days[(1)]	**150**	164	181

Note:

(1) Inventory turnover days for each year equals the average of the beginning and ending balances of inventory for that year divided by cost of sales for that year and multiplied by 365 days for 2023, 2024 and 2025.

Throughout the Track Record Period, our inventory turnover days were 150 days, 164 days and 181 days in 2023, 2024 and 2025, respectively. The increase in our inventory turnover days from 150 days in 2023 to 164 days in 2024 was primarily due to higher year end balance at the end of 2023 as a result of our sales growth in 2023, which contributed to a high inventory average in 2024. At the same time, the cost of sales decreased materially due to decline in revenue in 2024. The increase in our inventory turnover days to 181 days in 2025 was mainly affected by the ficonTEC Acquisition and the decreased sales in 2025.

As of March 31, 2026, 16.9% of our total inventories as of December 31, 2025, or RMB78.4 million, were utilized or sold.

Trade and Bills Receivables

Trade and bills receivables mainly arise from sales of our equipment and solutions on credit. We periodically conduct credit evaluations of customers who trade on credit. We usually grant credit periods depending on their operating situations, financial condition and expected transaction volume.

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

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Trade receivables			
– Third parties	353,256	482,414	816,035
– Associates	158	31,850	633
– Related parties	2,985	3,746	4,313
Less: ECL allowance of trade receivables	(70,433)	(86,294)	(146,959)
Bills receivables			
– at FVTOCI	76,415	77,291	73,018
– at amortized cost	–	10,222	4,275
Less: ECL allowance of bills receivable	–	(511)	(279)
Total	**362,381**	**518,718**	**751,036**

Our trade and bills receivables increased from RMB362.4 million as of December 31, 2023 to RMB518.7 million as of December 31, 2024, and further increased to RMB751.0 million as of December 31, 2025, primarily due to the extended collection period caused by fluctuation in sales and changes in financial conditions of our customers and the overcapacity in the PV sector. We have made sufficient provision for impairment of trade receivables in accordance with the requirements of the applicable accounting standards.

Aging Analysis

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Within 1 year	260,338	404,836	505,805
1-2 years	19,116	24,462	159,713
2-3 years	2,634	1,752	7,284
Over 3 years	3,878	666	1,220
Total	**285,966**	**431,716**	**674,022**

For further details, see note 22 to "Appendix IA — Accountants' Report of The Group."

Turnover Days

The table below sets forth the turnover days of our trade and bills receivables for the years/period indicated.

	Year ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days[(1)]	82	146	244

Note:

(1) Trade and bills receivables turnover days for each year equals the average of the beginning and ending balances of trade and bill receivables for that year divided by revenue for that year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade and bills receivables turnover days increased from 82 days in 2023 to 146 days in 2024, primarily due to slower settlement cycle with our customers due to industry dynamics. Our trade and bills receivables turnover days increased from 146 days in 2024 to 244 days in 2025, primarily affected by the decrease in revenue, the slower collection cycle and the ficonTEC Acquisition.

We have observed a lengthening of our cash conversion cycle, reflected in increased inventory and trade receivables turnover days in 2025.

- **Reasons for Increased Turnover Days**:
  - o **Inventory turnover days** increased from 164 days in 2024 to 181 days in 2025. This was attributable to two main factors: (1) the consolidation of ficonTEC, whose SiPh equipment business involves high-value, long-lead-time components, naturally extending the inventory cycle; and (2) the sharp decline in revenue from the PV segment, which reduced the cost of sales denominator and mathematically inflated the turnover days calculation. Notwithstanding the increase in turnover days, our risk of material inventory impairment remains managed. As we operate on a make-to-order model, a substantial portion of our inventory, particularly work-in-progress and procured components, is directly linked to firm customer orders. This significantly reduces the risk of inventory obsolescence and the need for material write-downs that might otherwise be associated with holding speculative inventory.
  - o **Trade receivables turnover days** increased from 146 days in 2024 to 244 days in 2025. We manage credit terms through ongoing assessments of customer credit risk and market conditions, with adjustments to terms where appropriate. The ficonTEC acquisition also contributed to the increase, as its customer credit terms and collection cycles are generally longer.

- **Cash Flow Monitoring and Management**:
  - o Management actively monitors and manages cash flow through rigorous credit control and project management. We conduct periodic credit evaluations of customers and have deliberately prioritized customers to mitigate collection risks.
  - o We employ structured payment terms tied to contract milestones, which are designed to facilitate the progressive collection of cash throughout a project's lifecycle. Our credit terms are negotiated on a case-by-case basis, taking into account the customer's credit history, order size, and relationship duration. In instances where a customer encounters payment difficulties, we engage in discussions to understand the underlying issues and, where commercially appropriate, may negotiate revised payment schedules to manage our credit risk while maintaining the customer relationship.

Subsequent Settlement

As of March 31, 2026, 31.0% of our total trade and other receivables as of December 31, 2025, or RMB256.8 million, were settled.

Contract Assets

Our contract assets arise when we have transferred goods or services to a customer but our right to consideration is conditional on something other than the passage of time.

These balances are reclassified to trade receivables when the conditions for billing become unconditional. For further details, see note 27 to "Appendix IA — Accountants' Report of The Group."

Subsequent Settlement

As of March 31, 2026, 12.5% of our total contract assets as of December 31, 2025, or RMB45.2 million, were settled as trade and bills receivables.

Financial Assets at FVTPL

Our financial assets at FVTPL primarily include debt investment at fair value, wealth management products and structured deposits. For further details, see note 23 to "Appendix IA — Accountants' Report of The Group."

Our Board is actively involved in overseeing and governing our investment activities. It approves our overall investment policy to ensure alignment with our strategic objectives and provides oversight for key decisions regarding wealth management investments. Any proposed investment that exceeds a predetermined threshold or carries a higher level of risk requires prior approval from the Board. Furthermore, the Board receives regular reports on the performance and risk assessment of our investments, enabling it to provide ongoing guidance and oversight. Investments in wealth management products are subject to a multi-level approval process. Both the management team and the Board are involved, depending on the size and risk profile of the investment. This rigorous approval framework ensures that all investment decisions are thoroughly scrutinized and align with our financial and risk management objectives. The investment in these assets will be subject to the compliance with Chapter 14 of the Listing Rules upon the **[REDACTED]** and the **[REDACTED]**.

Pledged and Restricted Bank Deposits

We had pledged and restricted bank deposits of RMB23.7 million, RMB1.5 million and RMB20.8 million as of December 31, 2023, 2024 and 2025, primarily related to guarantee deposits for our borrowings and bills payables subject to different bank requirements.

Trade and Bills Payables

Our trade and bills payables primarily represent amounts due to our suppliers for goods purchased. The table below sets forth the breakdown of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Trade payables			
– Third parties	489,767	153,705	270,444
– Associates	7,219	1,658	1,276
– Related parties	7,840	39,117	52,314
Subtotal	504,826	194,480	324,034
Bills payables	117,004	1,333	–
Total	**621,830**	**195,813**	**324,034**

Our trade and bills payables decreased by 68.5% to RMB195.8 million as of December 31, 2024, and further increased to RMB324.0 million as of December 31, 2025. These fluctuations primarily reflect changes in our business activity and are broadly aligned with revenue trends.

Aging Analysis

The table below sets forth the breakdown of the aging analysis of the trade payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(in RMB thousands)		
Within 1 year	491,050	184,629	259,871
Between 1 year and 2 years	13,613	5,732	58,745
Over 2 years	163	4,119	5,418
Total	**504,826**	**194,480**	**324,034**

Turnover Days

The table below sets forth the turnover days for the trade and bills payables for the years/period indicated.

	Year ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days[1]	176	189	153

Note:

(1) Trade and bills payables turnover days for each year equals the average of the beginning and ending balances of trade and bills payables for that year divided by cost of sales for that year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade and bills payables turnover days increased from 176 days in 2023 to 189 days in 2024 due to slower settlement cycle with our suppliers, reflecting similar trend we experienced with our customers as a result of industry dynamics. Trade and bills payables turnover days then decreased to 153 days in 2025, primarily due to the accelerated settlement cycle with suppliers.

As of March 31, 2026, 51.1% of our trade and bills payables outstanding as of December 31, 2025, or RMB165.5 million, were settled.

Contract Liabilities

Contract liabilities represent our obligations to transfer goods or services to customers for which we have already received consideration. For further details, see note 31 to "Appendix IA — Accountants' Report of The Group."

Subsequent Settlement

As of March 31, 2026, 28.5% of our contract liabilities outstanding as of December 31, 2025, or RMB44.9 million, were settled.

CASH FLOWS

The table below sets forth our cash flows for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands)		
Net cash (used in)/generated from operating activities	(27,900)	(317,156)	207,794
Net cash generated from/(used in) investing activities	13,230	(54,861)	(674,107)
Net cash generated from financing activities	50,114	453,765	432,783
Net increase/(decrease) in cash and cash equivalents	**35,444**	**81,748**	**(33,530)**
Cash and cash equivalents at beginning of the year	177,645	215,118	298,593
Effects of foreign exchange rate changes	2,029	1,727	(1,401)
Cash and cash equivalents at end of the year	**215,118**	**298,593**	**263,662**

Operating Activities

In 2025, we had net cash generated from operating activities of RMB207.8 million, primarily consisting of proceeds from sales of goods of RMB859.0 million, partially offset by (i) cash paid for material and services of RMB365.2 million and (ii) cash paid for salaries of RMB218.5 million. In 2024, we had net cash used in operating activities of RMB317.2 million, primarily consisting of (i) cash paid for material and services of RMB872.7 million and (ii) cash paid for salaries of RMB156.5 million, partially offset by (i) proceeds from sales of goods of 798.6 million and (ii) proceeds from refund of other tax and surcharges of RMB36.2 million. In 2023, we had net cash used in operating activities of RMB27.9 million, primarily consisting of (i) cash paid for material and services of RMB700.0 million and (ii) cash paid for salaries of RMB148.9 million, partially offset by (i) proceeds from sales of goods of RMB875.3 million and (ii) proceeds from refund of other tax and surcharges of RMB16.6 million.

Investing Activities

In 2025, we had net cash used in investing activities of RMB674.1 million, primarily consisting of (i) cash outflows arising on acquisition through business combination of RMB607.3 million and (ii) purchase of structured deposits of RMB152.7 million, partially offset by proceeds from structured deposits of RMB130.8 million.In 2024, we had net cash used in investing activities of RMB54.9 million, primarily consisting of (i) purchase of structured deposits and bonds of RMB75.0 million and (ii) purchase of property, plant and equipment, intangible assets and prepaid lease payments of RMB25.0 million, partially offset by proceeds from investment income of RMB60.1 million. In 2023, we had net cash generated from investing activities of RMB13.2 million, primarily consisting of (i) proceeds from investment income of RMB159.7 million, partially offset by (i) purchase of structured deposits and bonds of RMB139.5 million and (ii) purchase of property, plant and equipment, intangible assets and prepaid lease payments of RMB8.6 million.

Financing Activities

In 2025, we had net cash generated from financing activities of RMB432.8 million, primarily consisting of (i) proceeds from borrowings of RMB1,572.6 million and (ii) proceeds from private placement for financing the business combination of RMB358.4 million, partially offset by repayment of borrowings of RMB1,418.9 million. In 2024, we had net cash generated from financing activities of RMB453.8 million, primarily consisting of (i) proceeds from borrowings of RMB1,045.2 million and (ii) proceeds from restricted stock incentive plans of RMB10.8 million, partially offset by repayment of borrowings of RMB552.3 million. In 2023, we had net cash generated from financing activities of RMB50.1 million, primarily consisting of (i) proceeds from borrowings of RMB524.8 million, partially offset by (i) repayment of borrowings of RMB445.1 million and (ii) interest paid of RMB13.2 million.

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated. See also note 32 and note 34 to "Appendix IA — Accountants' Report of The Group."

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
				(unaudited)
Borrowings	671,437	1,022,378	1,307,719	1,410,717
Lease liabilities	142	–	17,765	16,090
Total	**671,579**	**1,022,378**	**1,325,484**	**1,426,807**

Subsequent Settlement

As of March 31, 2026, 61.7% of our total committed banking facilities as of December 31, 2025, or RMB1,219.3 million, were subsequently utilized and the remaining RMB800.3 million were unutilized. See note 32 to "Appendix IA — Accountants' Report of the Group."

Our borrowings are subject to a range of terms and conditions, and certain of our banking facilities contain customary covenants, including the requirement to maintain specific financial ratios. The material financial covenants under our existing banking facilities primarily relate to our liability-to-asset ratio, which shall be less than 70%, and current ratio which shall be over 100.0%. During the Track Record Period and up to the Latest Practicable Date, we have complied in all material respects with the financial covenants contained in our existing banking facilities. See also "— Financial Ratios."

In addition to the financial ratios, certain of our banking facilities contain other restrictive covenants that may limit our ability to, without prior consent from the lenders, undertake certain actions. These restrictions include, but are not limited to, creating additional security over our assets, incurring additional financial indebtedness beyond a specified limit, making significant changes to our business scope disposing of material assets. Furthermore, certain loan agreements include restrictions on the declaration or payment of dividends, stipulating that dividend payments cannot exceed a certain percentage of our net profit for the period and are conditional upon our continued compliance with all financial covenants.

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any material contingent liabilities. During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in our indebtedness since December 31, 2025 and up to the Latest Practicable Date. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

During the Track Record Period, our capital expenditure was primarily for R&D facilities and capacity expansion. Capital expenditure amounted to RMB8.6 million, RMB25.0 million and RMB43.1 million in 2023, 2024 and 2025, respectively.

We plan to continue capital expenditures to support our business growth and expansion strategy. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]." We intend to fund these expenditures with available financial resources, including cash generated from operations, net [**REDACTED**] from the [**REDACTED**], and potential future equity or debt financing.

Capital Commitments

See also note 40 to "Appendix IA — Accountants' Report of The Group" for details of our capital commitments.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year indicated.

	Year ended December 31,		
	2023	2024	2025
Gross margin[(1)]	21.9%	28.7%	34.5%
Net margin[(2)]	5.1%	5.7%	(4.7)%
Return on equity[(3)]	8.1%	6.3%	(1.9)%
Gearing ratio[(4)]	68.5%	101.7%	56.7%
Current ratio[(5)]	110.5%	119.0%	109.3%
Liability-to-asset ratio[(6)]	61.8%	57.5%	45.8%

Notes:

(1) Gross margin is calculated as gross profit for the years/period divided by revenue for the corresponding year and multiplied by 100%.

(2) Net margin is calculated as net profit/(loss) for the years/period divided by revenue for the corresponding year and multiplied by 100%.

(3) Return on equity is calculated based on the net profit/(loss) for the years/period divided by the ending balance of total equity and multiplied by 100%.

(4) Gearing ratio is calculated based on the ending balance of borrowings and lease liabilities divided by the ending balance of total equity and multiplied by 100%.

(5) Current ratio is calculated based on the current assets for the years/period divided by the current liabilities and multiplied by 100%.

(6) Liability-to-asset ratio is calculated based on the ending balance of total liabilities divided by the ending balance of total assets.

FINANCIAL INFORMATION OF FICONTEC GROUP

The historical financial information contained and discussed in this subsection presents the historical financial information of ficonTEC Group for the years/period ended December 31, 2023 and 2024 and the four months ended April 30, 2025.

RESULTS OF OPERATIONS

	Year ended December 31,				Four months ended April 30,			
	2023		2024		2024		2025	
	(in RMB thousands, except for percentages)							
					(unaudited)			
Revenue	**382,386**	**100.0%**	**504,862**	**100.0%**	**49,886**	**100.0%**	**141,574**	**100.0%**
Cost of sales	(223,221)	(58.4)%	(301,435)	(59.7)%	(29,115)	(58.4)%	(97,897)	(69.1)%
Gross profit	**159,165**	**41.6%**	**203,427**	**40.3%**	**20,771**	**41.6%**	**43,677**	**30.9%**
Other income	12,078	3.2%	12,419	2.5%	3,196	6.4%	1,581	1.1%
Other gains/(losses), net	48	0.0%	630	0.1%	(811)	(1.6)%	(2,408)	(1.7)%
Selling and marketing expenses	(51,798)	(13.5)%	(70,157)	(13.9)%	(16,602)	(33.3)%	(17,020)	(12.0)%
Administrative expenses	(66,471)	(17.4)%	(71,247)	(14.1)%	(21,014)	(42.1)%	(20,346)	(14.4)%
Research and development expenses	(29,998)	(7.8)%	(36,420)	(7.2)%	(10,797)	(21.6)%	(15,621)	(11.0)%
Provision for impairment losses on assets, net	(6,734)	(1.8)%	(9,415)	(1.9)%	(1,892)	(3.8)%	(5,304)	(3.7)%
Financial costs, net	(4,965)	(1.3)%	(7,034)	(1.4)%	(1,609)	(3.2)%	(2,828)	(2.0)%
(Loss)/Profit before income tax	**11,325**	**3.0%**	**22,203**	**4.4%**	**(28,758)**	**(57.6)%**	**(18,269)**	**(12.9)%**
Income tax credit/ (expenses)	(1,464)	(0.4)%	(1,444)	(0.3)%	(257)	(0.5)%	(105)	(0.1)%
(Loss)/Profit for the year/period	**9,861**	**2.6%**	**20,759**	**4.1%**	**(29,015)**	**(58.2)%**	**(18,374)**	**(13.0)%**

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

ficonTEC Group's revenue comprises sales of assembly equipment and testing equipment. In addition, in response to various customer need, ficonTEC Group offers upgrading and maintenance service as well as ancillary materials to ficonTEC's customers who purchased its assembly or testing equipment.

	Year ended December 31,				Four months ended April 30,			
	2023		2024		2024		2025	
	(in RMB thousands, except for percentages)							
					(unaudited)			
Assembly equipment	306,345	80.1%	426,087	84.4%	39,233	78.6%	124,898	88.2%
Testing equipment	34,446	9.0%	18,743	3.7%	–	–	3,757	2.7%
Technical service and others	41,595	10.9%	60,032	11.9%	10,653	21.4%	12,919	9.1%
Total	**382,386**	**100.0%**	**504,862**	**100.0%**	**49,886**	**100.0%**	**141,574**	**100.0%**

Cost of Sales

	Year ended December 31,				Four months ended April 30,			
	2023		2024		2024		2025	
	(in RMB thousands, except for percentages)							
					(unaudited)			
Cost of raw materials	161,113	72.2%	214,556	71.2%	20,934	71.9%	72,433	74.0%
Cost of labor	48,653	21.8%	70,608	23.4%	5,911	20.3%	19,668	20.1%
Cost of manufacturing	13,455	6.0%	16,271	5.4%	2,270	7.8%	5,796	5.9%
Total	**223,221**	**100.0%**	**301,435**	**100.0%**	**29,115**	**100.0%**	**97,897**	**100.0%**

Gross Profit and Gross Margin

	Year ended December 31,				Four months ended April 30,			
	2023		2024		2024		2025	
	Gross Profit	Gross Margin(1)	Gross Profit	Gross Margin(1)	Gross Profit	Gross Margin(1)	Gross Profit	Gross Margin(1)
	(in RMB thousands, except for percentages)							
					(unaudited)			
Assembly equipment	117,193	38.3%	162,199	38.1%	13,581	34.6%	38,893	31.1%
Testing equipment	11,540	33.5%	4,694	25.0%	–	–	991	26.4%
Technical service and others	30,432	73.2%	36,534	60.9%	7,190	67.5%	3,793	29.4%
Total/Average(1)	**159,165**	**41.6%**	**203,427**	**40.3%**	**20,771**	**41.6%**	**43,677**	**30.9%**

Note:

(1) The overall gross margin is calculated as gross profit for the year/period divided by revenue for the corresponding year/period and multiplied by 100%.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2025 Compared to Four Months Ended April 30, 2024

Revenue

Revenue of ficonTEC Group increased by 183.8% from RMB49.9 million for the four months ended April 30, 2024 to RMB141.6 million for the four months ended April 30, 2025, primarily due to the increasing demand in downstream markets including telecom and datacom. In addition, ficonTEC Group recorded a relative lower revenue for the four months ended April 30, 2024 due to the pending finalization of Valeo's product lines. Although the first line passed final acceptance test and was shipped on schedule, Valeo's test program was not finalized by April 30, 2024, so ficonTEC Group did not record revenue from the first line in the four months ended April 30, 2024.

Assembly Equipment

Revenue of ficonTEC Group from assembly equipment increased by 218.3% from RMB39.2 million for the four months ended April 30, 2024 to RMB124.9 million for the four months ended April 30, 2025, primarily due to the increasing demand in downstream markets including AI-driven datacom and telecom. In addition, revenue in the prior period was relatively lower due to the timing of recognizing revenue from the Valeo production line.

Testing Equipment

Revenue of ficonTEC Group from testing equipment increased from nil for the four months ended April 30, 2024 to RMB3.8 million for the four months ended April 30, 2025 primarily due to deliveries and acceptance of testing systems in 2025. We made no delivery of testing systems in the first four months in 2024.

Technical Service and Others

Revenue of ficonTEC Group from technical service and others increased by 21.3% from RMB10.7 million for the four months ended April 30, 2024 to RMB12.9 million for the four months ended April 30, 2025 primarily due to higher sales of other material and technical services accompanying the ramp of customer projects.

Cost of Sales

Cost of sales of ficonTEC Group increased by 236.2% from RMB29.1 million for the four months ended April 30, 2024 to RMB97.9 million for the four months ended April 30, 2025, primarily due to higher sales and project deliveries.

Gross Profit and Gross Margin

Gross profit of ficonTEC Group increased by 110.3% from RMB20.8 million for the four months ended April 30, 2024 to RMB43.7 million for the four months ended April 30, 2025. Gross margin decreased from 41.6% to 30.9%, mainly due to decrease in gross margin from technical service and others.

Assembly Equipment

Gross profit of ficonTEC Group from assembly equipment increased by 186.4% from RMB13.6 million for the four months ended April 30, 2024 to RMB38.9 million for the four months ended April 30, 2025. Gross margin decreased from 34.6% to 31.1%, primarily reflecting changes in the mix of products.

Testing Equipment

Gross profit of ficonTEC Group from testing equipment increased from nil for the four months ended April 30, 2024 to RMB0.9 million for the four months ended April 30, 2025. Gross margin amounted to 26.4% for the four months ended April 30, 2025.

Technical Service and Others

Gross profit of ficonTEC Group from technical service and others decreased by 47.2% from RMB7.2 million for the four months ended April 30, 2024 to RMB3.8 million for the four months ended April 30, 2025. Gross margin decreased from 67.5% to 29.4%, primarily due to a mix shift toward lower-margin items within other material and technical services driven by customer demand. The margin profile of technical service and others varies depending on the customers and service types.

Loss for the Period

As a result of the foregoing, loss for the period of ficonTEC Group decreased by 36.6% from RMB29.0 million for the four months ended April 30, 2024 to RMB18.4 million for the four months ended April 30, 2025, and net margin of ficonTEC Group increased from (58.2)% for the four months ended April 30, 2024 to (13.0)% for the four months ended April 30, 2025.

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

Revenue

Revenue of ficonTEC Group increased by 32.0% from RMB382.4 million in 2023 to RMB504.9 million in 2024, primarily due to sustained growth in demand for SiPh devices driven by AI-led expansion of high-speed interconnects and other advanced optical devices from the telecom and datacom markets.

Assembly Equipment

Revenue of ficonTEC Group from assembly equipment increased by 39.1% from RMB306.3 million in 2023 to RMB426.1 million in 2024, primarily due to higher shipments to key customers from datacom and telecom markets, alongside broader market demand for automated micro-assembly equipment.

Testing Equipment

Revenue of ficonTEC Group from testing equipment decreased by 45.6% from RMB34.4 million in 2023 to RMB18.7 million in 2024, primarily due to fluctuation in demand from customers of testing equipment in relation to legacy laser bar and device inspection systems.

Technical Service and Others

Revenue of ficonTEC Group from technical service and others increased by 44.3% from RMB41.6 million in 2023 to RMB60.0 million in 2024, primarily due to higher sales of ancillary material and technical services accompanying increased project deliveries.

Cost of Sales

Cost of sales of ficonTEC Group increased by 35.0% from RMB223.2 million in 2023 to RMB301.4 million in 2024, primarily in line with revenue growth.

Gross Profit and Gross Margin

Gross profit of ficonTEC Group increased by 27.8% from RMB159.1 million in 2023 to RMB203.4 million in 2024. Gross margin decreased from 41.6% in 2023 to 40.3% in 2024.

Assembly Equipment

Gross profit of ficonTEC Group from assembly equipment increased by 38.4% from RMB117.2 million in 2023 to RMB162.2 million in 2024 due to increase in revenue. Gross margin remained stable at 38.3% in 2023 and 38.1% in 2024.

Testing Equipment

Gross profit of ficonTEC Group from testing equipment decreased by 59.3% from RMB11.5 million in 2023 to RMB4.7 million in 2024 due to decrease in revenue. Gross margin decreased from 33.5% in 2023 to 25.0% in 2024, primarily due to change in product mix.

Technical Service and Others

Gross profit of ficonTEC Group from technical service and others increased by 20.1% from RMB30.4 million in 2023 to RMB36.5 million in 2024. Gross margin decreased from 73.2% in 2023 to 60.9% in 2024, mainly due to a shift toward lower-margin items within other material and technical services, driven by customer demand.

Profit for the Year

As a result of the foregoing, profit for the year of ficonTEC Group increased by 110.5% from RMB9.9 million in 2023 to RMB20.8 million in 2024, and net margin of ficonTEC Group increased from 2.6% in 2023 to 4.1% in 2024.

SELECTED BALANCE SHEET ITEMS

Inventories

Inventories of ficonTEC Group include raw materials, finished goods, and work in progress. The table below sets forth the breakdown of inventories as of the dates indicated.

	As of December 31,		As of April 30,
	2023	2024	2025
	(in RMB thousands)		
Raw materials	46,589	41,318	50,967
Work in progress	137,731	128,833	155,728
Finished goods	43,242	77,675	72,932
Less: provision for impairment	(12,185)	(6,295)	(5,863)
Total	**215,377**	**241,531**	**273,764**

Inventories of ficonTEC Group increased from RMB215.4 million as of December 31, 2023 to RMB241.5 million as of December 31, 2024, primarily due to an increase in finished goods from RMB43.2 million to RMB77.7 million, partially offset by a decrease in work in progress from RMB137.7 million to RMB128.8 million, reflecting the build and staging of completed systems awaiting shipment/customer acceptance and the conversion of certain WIP into finished goods at the end of 2024.

Inventories of ficonTEC Group increased from RMB241.5 million as of December 31, 2024 to RMB273.8 million as of April 30, 2025, primarily due to an increase in work in progress from RMB128.8 million to RMB155.7 million, partially offset by a decrease in finished goods from RMB77.7 million to RMB72.9 million, reflecting the ramp-up of existing projects and ongoing conversion of raw materials into WIP at the end of April 2025.

Trade Receivables

Trade receivables mainly arise from sales of equipment of ficonTEC Group on credit. ficonTEC Group usually grants credit periods depending on its operating situations, financial condition and expected transaction volume.

The table below sets forth the breakdown of trade receivables of ficonTEC Group as of the dates indicated.

	As of December 31,		As of April 30,
	2023	2024	2025
	(in RMB thousands)		
Trade receivables			
– Third parties	52,210	154,607	131,968
– Related parties	243	178	1,820
Subtotal	52,453	154,785	133,788
Less: ECL allowance of trade receivables	(6,543)	(12,381)	(17,110)
Total	**45,910**	**142,404**	**116,678**

Trade receivables of ficonTEC Group increased from RMB45.9 million as of December 31, 2023 to RMB142.4 million as of December 31, 2024, primarily due to increases in sales. Trade receivables of ficonTEC Group decreased by 18.1% from RMB142.4 million as of December 31, 2024 to RMB116.7 million as of April 30, 2025, reflecting business volume at the time.

Trade Payables

Trade payables of ficonTEC Group primarily represent purchase of raw materials and goods in relation to ficonTEC Group's business operation.

The table below sets forth the breakdown of trade payables of ficonTEC Group as of the dates indicated.

	As of December 31,		As of April 30,
	2023	2024	2025
	(in RMB thousands)		
Trade payables			
– controlled by the shareholder of FSG and FAG	2,723	1,724	927
– A shareholder holding Feikong Taike as an associate	–	42,535	75,628
– related parties	25,508	41,431	33,515
Total	**28,231**	**85,690**	**110,070**

Trade payables of ficonTEC Group increased from RMB28.2 million as of December 31, 2023 to RMB85.7 million as of December 31, 2024, and further increased to RMB110.1 million as of April 30, 2025, primarily due to increases in procurement volume, which were in line with business growth.

Cash Flows

The table below sets forth cash flows of ficonTEC Group for the years/period indicated.

	Year ended December 31,		Four months ended April 30,
	2023	2024	2025
	(in RMB thousands)		
Net cash generated from/(used in) operating activities	18,838	(41,125)	(285)
Net cash (used in)/generated from investing activities	(130,137)	(9,280)	(118)
Net cash generated from/(used in) financing activities	111,520	66,182	(10,412)
Net increase/(decrease) in cash and cash equivalents	**221**	**15,777**	**(10,815)**
Cash and cash equivalents at beginning of the year/period	16,019	14,814	30,071
Effects of foreign exchange rate changes	(1,426)	(520)	985
Cash and cash equivalents at end of the year/period	**14,814**	**30,071**	**20,241**

INDEBTEDNESS

For ficonTEC Group's indebtedness, see note 26 and note 28 to "Appendix IB — Accountants' Report of Target Group."

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

During the Track Record Period, capital expenditure of ficonTEC Group was primarily for capacity expansion and upgrade of ficonTEC Group's softwares. Capital expenditure of ficonTEC Group amounted to RMB8.9 million, RMB10.7 million and RMB0.1 million in 2023 and 2024 and the four months ended April 30, 2025, respectively.

Capital Commitments

See note 33 to "Appendix IB — Accountants' Report of Target Group" for the capital commitments of ficonTEC Group as of the dates indicated.

DISCLOSURE ABOUT FINANCIAL RISK

The main risks arising from our financial instruments are credit risk, interest rate risk, foreign exchange risk, equity price risk and liquidity risk. See note 44 to "Appendix IA — Accountants' Report of The Group."

RELATED PARTY TRANSACTIONS

We entered into related party transactions during the Track Record Period. The terms of these related party transactions were mutually agreed following arm's length negotiations. Our management considers that there is no significant credit risk associated with amounts due from related parties. For details, see note 41 to "Appendix IA — Accountants' Report of the Group."

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

DIVIDEND POLICY

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 －上市公司現金分紅（2025年修訂）》), and the Articles of Association, we are required to pay cash dividends of no less than 20.0% of the distributable profits recorded in the fiscal year. Moreover, over any consecutive three-year period, the total cash dividends distributed shall be no less than 30.0% of the average annual distributable profits realized during those three years. See note 12 to "Appendix IA — Accountants' Report of The Group" for our declared dividends during the Track Record Period.

Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

DISTRIBUTABLE RESERVE

As of December 31, 2025, our consolidated retained profit amounted to RMB231.3 million, which is available for distribution to our Shareholders.

DISCLOSURE REQUIRED UNDER RULES 13.13 to 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

UNAUDITED [REDACTED] FINANCIAL INFORMATION

For details, see "Appendix II — Unaudited **[REDACTED]** Financial Information."

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]** and fees incurred in connection with the **[REDACTED]** and the **[REDACTED]**. Our **[REDACTED]** expenses are estimated to be approximately HK$**[REDACTED]** million (including **[REDACTED]**) accounting for **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, assuming that an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the **[REDACTED]** range stated in this document). Among our **[REDACTED]** expenses, approximately HK$**[REDACTED]** is directly attributable to the **[REDACTED]** of Shares and will be charged to equity upon completion of the **[REDACTED]**, and approximately HK$**[REDACTED]** has been or will be charged to our consolidated statement of comprehensive income. The **[REDACTED]** expenses we incurred in the Track Record Period and expect to incur would consist of approximately HK$**[REDACTED]** related expenses and fees (including **[REDACTED]** commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately HK$**[REDACTED]** non-**[REDACTED]**-related expenses and fees including fees for the Joint Sponsors, legal advisors and reporting accountant and approximately HK$**[REDACTED]** for other non-**[REDACTED]**-related fees and expenses. During the Track Record Period, we incurred HK$**[REDACTED]** of **[REDACTED]** expenses.

The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS

Our Directors confirmed that, as of the date of this document, there has been no material adverse change in our financial position since December 31, 2025, and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Reports in Appendix IA and Appendix IB to this document.