

FINANCIAL INFORMATION

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included in the Accountants’ Report in Appendix I to document. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed “Risk Factors” and “Business.”

OVERVIEW

We are a provider of cellular IoT chips, featuring a highly optimized engine that enables devices to communicate over cellular LTE/5G networks, with our revenue ranking third in the global cellular IoT chip market (market share: 3.9%), according to the F&S Report. Our chip portfolio spans low, medium, and high-speed wireless transmission, optimizing the “PPA (Power, Performance, and Area/Cost)” balance. This ensures high performance, low power consumption, and cost-effectiveness to meet diverse needs and withstand harsh operating conditions across a wide range of applications. Our chips form the foundation of the IoT ecosystem, enabling physical objects such as smart meters, vehicles, and industrial devices to exchange data seamlessly. Moreover, our chip portfolio enables devices not only to connect but also to become intelligent, allowing them to gather, process, and exchange information efficiently via Edge-AI and Open-CPU technologies. This broad capability unlocks a wide range of applications, from smart sensors, AI toys, and mobile payments to more complex systems such as wearables, connected vehicles, and industrial automation.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). The Historical Financial Information has been prepared under the historical cost convention. For further details, please refer to Note 2 to the Accountants’ Report included in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

A number of external and internal factors have influenced, and are expected to continue to influence, our financial performance during the Track Record Period and going forward. Key considerations are set out as below.

Industry Competition and Market Landscape

The cellular IoT industry is highly competitive and dynamic, characterized by rapid technological advancements and an increasing number of players vying for market share. Our performance is directly impacted by broader market conditions, including industry trends, economic shifts, and the competitive landscape. As new entrants continue to emerge and established players expand their offerings, competition intensifies, which can exert downward pressure on gross margins.

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One of our primary competitive advantages lies in our ability to drive innovation while maintaining cost-effective products. We have successfully integrated advanced technologies into our chips positioning us to capitalize on the increasing trend of “intelligent connectivity”. This allows us to provide products that not only meet the demands of traditional IoT applications but also extend into new, high-growth markets.

Our strategic initiatives to expand our presence in the 5G segment are key to sustaining our competitive edge. The 5G IoT market is set to experience significant growth, driven by increasing demand for high-speed, low-latency applications, such as autonomous vehicles, industrial automation, and smart healthcare. Our 5G RedCap chips, designed to deliver high performance at lower costs, position us well to meet the growing demand for 5G connectivity solutions.

Additionally, we are proactively entering the satellite IoT market, an emerging opportunity that we believe will transform industries reliant on remote or isolated operations. Our EC626N chips, which support IoT-NTN satellite communication, are already opening doors to new applications in sectors such as oil and gas, agriculture, and environmental monitoring in remote areas, where traditional network connectivity is unavailable or unreliable. This strategic move into satellite IoT aligns with the growing trend of global connectivity, enabling us to diversify our market presence and reduce reliance on traditional network infrastructure.

In summary, although competition in the cellular IoT market is fierce, we remain well-positioned for growth. Our continued focus on technological innovation, coupled with our strategic expansion into 5G, satellite IoT, and Edge-AI solutions, ensures that we can meet the evolving needs of a diverse range of industries, strengthening our market position both domestically and internationally.

Product Development and Portfolio Expansion

Product innovation and the strategic expansion of our portfolio are the core drivers of our growth and financial success. By continuously evolving our product offerings, we have positioned ourselves as a leader in the rapidly growing cellular IoT market. This includes the development of new chip models, expanding from NB-IoT to 5G RedCap, and optimizing our existing products to balance power efficiency, performance, and cost-effectiveness. Our focus on enhancing integration, such as combining baseband, RF, and power management into a single chip, ensures that we offer competitive and scalable solutions for a wide range of applications across various industries.

Our 5G RedCap products, specifically the EC80x series, support both the 3GPP R17 RedCap and R15 LTE Cat.4 standards. Equipped with enhanced Edge-AI and multimedia capabilities, this dual-mode series serves as a highly versatile solution suitable for applications requiring fast data speeds, reliable connectivity, and energy efficiency. As a key product of the series, the EC800L successfully completed tape-out in early 2026 and has passed rigorous functional testing and reliability certification, achieving mass-production-level technical maturity. The EC800L offers higher bandwidth and lower latency compared to previous generations, while maintaining the low power consumption and cost-effectiveness that have been the hallmark of our product line. This strategic addition of the EC80x series to our portfolio has established a new benchmark for cost-efficient 5G solutions in the industry.

Looking ahead, we remain committed to further expanding our portfolio with a focus on next-generation connectivity technologies such as 5G RedCap and Edge-AI capability. These advancements will enable us to meet the evolving demands of industries, including 5G, satellite IoT, and edge computing, ensuring that we continue to lead in the rapidly growing cellular IoT space. Our continuous innovation, supported by strong research and development efforts, has positioned us as a key player in shaping the future of “intelligent connectivity.”

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Cost Control and Expense Optimization

Effective cost and expense control are critical to maintaining and improving our financial performance. We have implemented targeted strategies aimed at optimizing both production costs and operating expenses, ensuring we drive efficiencies and maintain profitability even as we scale our business.

Our cost control strategy primarily revolves around two key factors: optimizing our supply chain management and refining product design. By working closely with our foundries and OSAT partners through a fabless model, we are able to outsource wafer fabrication, packaging, and testing. This approach minimizes our capital expenditures while enabling us to scale production quickly and efficiently. Additionally, we optimize the bill of materials (“BOM”) and streamline packaging processes, resulting in significant cost savings. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales amounted to RMB485.4 million, RMB429.0 million, RMB563.4 million, RMB260.3 million and RMB383.3 million. Cost control initiatives helped us improve our gross profit margin from 8.9% in the year ended December 31, 2023, to 22.3% and 18.3% in the year ended December 31, 2024 and 2025, respectively, demonstrating the effectiveness of our cost optimization efforts and product mix enhancements. For the six months ended June 30, 2026, our gross profit margin decreased to 7.8% from 22.8% for the same period in 2025, mainly driven by more proactive pricing strategies to seize favorable market opportunities.

On the expense control front, we continue to optimize our research and development expenses, which represent a significant portion of our business investment. Our commitment to research and development ensures that we remain at the forefront of technological advancements and maintain our competitive edge in the cellular IoT industry. At the same time, we remain focused on optimizing the allocation of research and development spending, particularly by increasing the share of self-developed IP in our products to reduce reliance on external IP and lower associated licensing fees. For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB186.1 million, RMB138.9 million, RMB134.9 million, RMB68.0 million and RMB69.1 million, representing approximately 34.9%, 25.1%, 19.6%, 20.2% and 16.6%, of the total revenue of each of the years/periods, respectively. With a focus on next-generation products, especially our 5G RedCap and Cat.1bis chips, we remain committed to advancing product development. To enhance cost efficiency, we have made strides in increasing the share of self-developed IP in our products, which has helped reduce third-party technology costs. By effectively balancing self-developed IP and external IP expenses, we ensure that our research and development investments remain efficient, supporting our goal to drive innovation while keeping costs under control. We optimized our research and development processes, improving productivity and focusing on the most impactful technologies, such as our Open-CPU architecture, Edge-AI enabled solutions and 5G connectivity chips. Through a combination of streamlined design processes, better supply chain management, and smarter research and development cost allocation, we have been able to enhance our operational efficiency. These efforts have contributed to our ability to maintain profitability even during challenging economic periods. As we continue to evolve our product portfolio, particularly with our upcoming 5G RedCap and Edge-AI products, we anticipate that our research and development investments will be key to sustaining growth and expanding our market share.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to make estimates, assumptions, and complex judgments related to various accounting items. These estimates, assumptions, and judgments have a material impact on our financial position and operational results. We continuously evaluate these estimates and assumptions based on our past experience, industry practices, and expectations of future events. For further details, please refer to Notes 2 and 3 to the Accountants’ Report included in Appendix I to this document.

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DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below sets forth our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the periods indicated. For more details, please refer to the Accountants’ Report included in Appendix I to this document.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Revenue	533,076	100.0	552,404	100.0	689,390	100.0	337,162	100.0	415,848	100.0
Cost of sales	(485,428)	(91.1)	(429,010)	(77.7)	(563,398)	(81.7)	(260,347)	(77.2)	(383,309)	(92.2)
Gross profit	47,648	8.9	123,394	22.3	125,992	18.3	76,815	22.8	32,539	7.8
Other income and gains . .	41,040	7.7	53,422	9.7	36,963	5.4	21,772	6.5	17,629	4.2
Selling and distribution expenses	(13,504)	(2.5)	(11,393)	(2.1)	(12,014)	(1.7)	(5,374)	(1.6)	(6,334)	(1.5)
Administrative expenses . .	(47,270)	(8.9)	(13,328)	(2.4)	(24,114)	(3.5)	(5,330)	(1.6)	(7,230)	(1.7)
Research and development expenses	(186,144)	(34.9)	(138,913)	(25.1)	(134,910)	(19.6)	(67,967)	(20.2)	(69,149)	(16.6)
Other expenses	(2)	(0.0)	—	0.0	(2,308)	(0.3)	(523)	(0.2)	(6,202)	(1.5)
Finance costs	(424)	(0.1)	(412)	(0.1)	(934)	(0.1)	(460)	(0.1)	(643)	(0.2)
Reversal of impairment losses/(impairment losses) on financial assets, net	120	0.0	(375)	(0.1)	(4,631)	(0.7)	(2,080)	(0.6)	378	0.1
(Loss)/Profit before tax . .	(158,536)	(29.7)	12,395	2.2	(15,956)	(2.3)	16,853	5.0	(39,012)	(9.4)
Income tax credit	—	—	—	—	—	—	—	—	—	—
(Loss)/Profit for the year/period	(158,536)	(29.7)	12,395	2.2	(15,956)	(2.3)	16,853	5.0	(39,012)	(9.4)
Other comprehensive loss										
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:										
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(13)	(0.0)
Total comprehensive (loss)/income for the year/period	(158,536)	(29.7)	12,395	2.2	(15,956)	(2.3)	16,853	5.0	(39,025)	(9.4)

We are a fast-growing fabless semiconductor company operating in a highly competitive cellular IoT chip market. As we continued to invest in product development, technology upgrades and portfolio expansion, we incurred accumulated losses and recorded losses in certain periods, particularly when (i) our gross profitability was constrained by industry-wide pricing cycles and temporary industry chip shortage, and (ii) we incurred substantial operating expenses, especially research and development expenses, to support our long-term technology roadmap and commercialization capability.

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For the year ended December 31, 2023, we recorded a loss for the year and total comprehensive loss of RMB158.5 million. While we recorded gross profit of RMB47.6 million in 2023, our profitability remained constrained by the combined effect of (i) continued industry-wide ASP compression in mass-market NB-IoT and Cat.1bis segments, and (ii) the lingering impact of earlier high-cost procurement commitments and contracted capacity secured during the chip shortage, which limited the pace at which our unit economics could normalize within the year. Against this market and cost backdrop, we also maintained a relatively high operating expense base to support our technology roadmap and commercialization capability. In particular, our research and development expenses amounted to RMB186.1 million in 2023, reflecting our continued investment in research and development of our technologies and products. We focused on enhancing core modem algorithms and refining chip architecture, which are vital for maintaining our technological competitiveness. This strategic allocation of resources ultimately led to the successful development and launch of our two Cat.1bis chips (EC716 and EC718) in late 2023, bolstering our next-generation product portfolio. A significant portion of these expenses was non-cash in nature, as it included share-based payment expenses of RMB72.6 million recognized under our equity incentive plan, which increased materially in 2023 as a larger number of awards vested during the year. In addition, we continued to incur necessary administrative and selling expenses to support operations and customer acquisition in a competitive market environment.

For the year ended December 31, 2024, we recorded a profit for the year and total comprehensive income of RMB12.4 million, turning from loss-making to profit-making. This turnaround was driven by improvement in our gross profitability and a more normalized operating expense profile, reflecting both supply-chain normalization and product and procurement optimization. On the cost side, following the steady recovery of wafer supply since 2023, we strengthened our procurement strategy by introducing domestic wafer suppliers to complement our overseas supply chain. This dual-sourcing model enhanced our control over procurement costs and reduced our raw material procurement costs from RMB393.3 million in 2023 to RMB324.9 million in 2024, together with gradual optimization in assembly and testing expenses. On the product side, after the successful launch of our new Cat.1bis products (including EC716 and EC718) in late 2023, we achieved stronger product-level profitability in 2024. For example, our Cat.1bis gross profit increased from RMB10.3 million in 2023 to RMB58.2 million in 2024, and our Cat.1bis gross profit margin increased from 3.0% in 2023 to 16.1% in 2024. In parallel, we maintained disciplined pricing for NB-IoT chips and restored the gross profit margin for NB-IoT chips to approximately 18.1% in 2024. In addition, our operating expense base became more normalized in 2024. Our research and development expenses decreased to RMB138.9 million in 2024 from RMB186.1 million in 2023, which was primarily attributable to the normalization of share-based payment expenses, as the vesting schedules entered stable phases, leading to a consequent reduction in such expenses. Specifically, share-based payment expenses included in research and development expenses decreasing to RMB17.1 million in 2024 from RMB72.6 million in 2023.

For the year ended December 31, 2025, we recorded a loss for the year and total comprehensive loss of RMB16.0 million. While our revenue increased to RMB689.4 million in 2025, our gross profit increased only marginally to RMB126.0 million and our gross profit margin decreased to 18.3% from 22.3%. In addition, our other income and gains decreased by RMB16.5 million to RMB37.0 million in 2025, mainly comprising by government grants and value-added tax additional deduction and fair value gains on financial instruments at fair value through profit or loss. In 2025, we also recorded higher expenses and charges comparing with that of 2024. Our administrative expenses increased to RMB24.1 million in 2025 from RMB13.3 million in 2024, primarily due to the increase in [REDACTED] expenses. We also recorded impairment losses on financial assets, net, of RMB4.6 million in 2025 (as compared to RMB0.4 million in 2024), primarily reflecting higher provisioning for expected credit losses on trade receivables. In addition, our finance costs increased to RMB0.9 million in 2025 from RMB0.4 million in 2024 as we incurred higher interest and financing costs to support our operating and working capital needs. We also incurred other expenses of RMB2.3 million in 2025, compared to nil in 2024.

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For the six months ended June 30, 2026, we recorded a loss for the period and total comprehensive loss of RMB39.0 million. Our revenue increased by 23.3% period-on-period to RMB415.8 million for the six months ended June 30, 2026 from RMB337.2 million for the same period in 2025, demonstrating the effectiveness of our competitive pricing strategy and the competitiveness of our products. In the meantime, cost of sales surged by 47.2%, outpacing revenue growth by a wide margin. As a result, our gross profit decreased to RMB32.5 million for the six months ended June 30, 2026 from RMB76.8 million for the same period in 2025, and our gross profit margin decreased to 7.8% for the six months ended June 30, 2026 from 22.8% for the same period in 2025. In addition, our other income and gains decreased by RMB4.1 million, mainly comprising government grants. The operating expenses, such as selling and distribution expenses, administrative expenses and research and development expenses, increased by a smaller margin relative to revenue growth. Accordingly, the net loss mainly stemmed from a contraction in gross profit margin due to our proactive pricing strategy to seize favorable market opportunities.

NON-IFRS MEASURE

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted net profit/(loss) (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these measures provide useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit/(loss) (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit/(loss) (non-IFRS measure) as net profit/(loss) for the year/period adjusted by adding back (i) net share-based payment expense recognized in profit or loss; and (ii) [REDACTED] expenses. The following table sets out a reconciliation from net profit/(loss) to adjusted net profit/(loss) (non-IFRS measure) for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net (loss)/profit for the year/period. .	(158,536)	12,395	(15,956)	16,853	(39,012)
Add:					
Net share-based payment expense					
recognized in profit/(loss) ⁽¹⁾	109,847	30,587	16,189	8,213	2,677
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net (loss)/profit					
(Non-IFRS Measure)	(48,689)	42,982	12,377	25,066	(34,984)

Note:

- (1) Net share-based payment expense recognized in profit/(loss) is calculated using share-based payment expense for the year/period (per financial statements), which is RMB119,328 thousand, RMB21,042 thousand, RMB16,003 thousand, RMB8,027 thousand and RMB2,677 thousand, for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, plus the movement of capitalized share-based payment expense disclosed as contract fulfillment costs, which is RMB(9,481) thousand, RMB9,545 thousand, RMB186 thousand, RMB186 thousand and nil, for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

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Revenue

Revenue by Product and Service

The following table sets forth the breakdown of our revenue by product and services in absolute amounts and as percentages for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Sale of chips	510,570	95.8	485,566	87.9	629,510	91.3	292,050	86.7	399,903	96.2
— NB-IoT Chips	169,638	31.8	124,986	22.6	161,434	23.4	70,012	20.8	75,172	18.1
— Cat.1bis Chips	340,932	64.0	360,580	65.3	468,076	67.9	222,038	65.9	324,731	78.1
License and service	22,506	4.2	66,838	12.1	59,880	8.7	45,112	13.3	15,945	3.8
Total	<u>533,076</u>	<u>100.0</u>	<u>552,404</u>	<u>100.0</u>	<u>689,390</u>	<u>100.0</u>	<u>337,162</u>	<u>100.0</u>	<u>415,848</u>	<u>100.0</u>

The sale of chips has remained our dominant revenue stream, accounting for 95.8%, 87.9%, 91.3%, 86.7% and 96.2% of our total revenue for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The primary chip products contributing to this revenue were NB-IoT chips and Cat.1bis chips.

NB-IoT Chips

Our revenue from NB-IoT chips decreased from RMB169.6 million in 2023 to RMB125.0 million in 2024, primarily due to a decrease in our sales volume by approximately 21.8% and a decrease in our ASP by approximately 5.8% in 2024 compared to 2023. In 2024, while the overall NB-IoT market continued to expand, pricing competition intensified following supply normalization. Against this backdrop, we did not fully match the then industry prevailing price reduction tactics and instead applied a selective order acceptance approach, declining certain projects where pricing fell below our internal margin thresholds after taking into account wafer procurement and testing costs. We primarily focused on customers and applications that value (i) higher integration (including integrated PA/PMIC in selected models), (ii) ultra-low power consumption for battery-powered use cases (such as smart meters and alarms), and (iii) stable performance under harsh operating environments, which supported sustainable unit economics.

In 2025, our revenue from NB-IoT chips amounted to RMB161.4 million. Compared to 2024, our sales volume increased by approximately 48.3%, while ASP decreased by approximately 12.8%. The sales volume rebound was mainly driven by broader participation in selected price-sensitive segments supported by our improved cost base, while the continued ASP decline reflected ongoing industry-wide pricing pressure. As a result, the 2025 movement reflected higher sales volume partially offset by lower ASP.

For the six months ended June 30, 2026, our revenue from NB-IoT chips increased to RMB75.2 million from RMB70.0 million for the same period in 2025. Compared to the same period in 2025, our sales volume increased by approximately 24.3%, while ASP decreased by approximately 13.7%. While the continued ASP decline reflected ongoing industry-wide pricing pressure and our proactive pricing strategy to capture market share, revenue growth was primarily driven by a substantial increase in sales volume.

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Cat.1bis Chips

Our revenue from Cat.1bis chips increased from RMB340.9 million in 2023 to RMB360.6 million in 2024, mainly driven by an increase in our sales volume by approximately 38.6%, which more than offset a decrease in ASP by approximately 23.7% over the same period. The ASP decrease in 2024 reflected intensified competition as Cat.1bis became a mainstream upgrade path in multiple IoT applications. In response, we implemented phased and targeted pricing adjustments, primarily for new customer projects and higher-volume applications, to support adoption of newly launched products (including EC716 and EC718) and accelerate scale. At the same time, our Cat.1bis positioning was supported by specific product features and use-case fit, including Open-CPU capability, improved processing and memory performance (particularly for Open-CPU scenarios), and higher integration in selected models (including integrated PA/PMIC), which supported broader applications such as POS terminals, AI devices and industrial terminals.

In 2025, our revenue from Cat.1bis chips amounted to RMB468.1 million. Compared to 2024, our sales volume increased by approximately 71.4%, while ASP decreased by approximately 24.2%. The sales volume increase was primarily attributable to expanded adoption of upgraded Cat.1bis products (including EC716 and EC718M), particularly in Open-CPU and Edge-AI-enabled applications, while the ASP decline reflected continued market pricing adjustments and our market-penetration strategy in a highly competitive environment. Despite ASP compression, the substantial sales volume increase supported overall revenue growth in this segment.

For the six months ended June 30, 2026, our revenue from Cat.1bis chips increased to RMB324.7 million from RMB222.0 million for the same period in 2025. Compared to the same period in 2025, our sales volume increased by approximately 73.3%, while ASP decreased by approximately 15.6%. The uplift in sales volume was mainly underpinned by our product competitiveness, notably the expansion of our customer base for Open-CPU scenarios. The persistent downward trend in ASP primarily reflected our cost advantages and proactive pricing strategy to capture market opportunities amid a favorable market window. Although ASP kept trending lower, higher shipment volumes underpinned revenue growth of the segment.

Overall, our NB-IoT and Cat.1bis revenue movements during the Track Record Period were primarily driven by the combined effects of ASP adjustments and sales volume changes under industry-wide pricing cycles and our evolving strategy to balance unit economics and scale expansion.

Our licensing and services revenue, which was derived solely from Customer Q during the Track Record Period, was project-based, milestone-driven and non-linear, and therefore fluctuated from period to period depending primarily on the scope and timing of project deliverables, acceptance and Customer Q’s commercialization progress. In particular, revenue derived from Customer Q typically comprised two components with different recognition criteria: (i) a one-time license fee that was contractually fixed and payable upon delivery and acceptance of the relevant licensed IP and/or design documentation package, and was non-recurring for the same project; and (ii) a sales-based royalty calculated by reference to Customer Q’s shipment volume of chips incorporating our licensed technology, which was collected on an ongoing basis and typically settled on a quarterly basis. Accordingly, while the royalty component may provide a recurring baseline linked to Customer Q’s shipment volumes, the one-time license fee component may cause period-to-period fluctuations depending on whether new projects were awarded or major milestones were completed in the relevant year/period. The growth in 2024 was primarily driven by milestone completions in our custom design services, which added incremental value to our business. Revenue from license and services decreased for the six months ended June 30, 2026 compared with the same period in 2025, primarily attributable to timing differences in revenue recognition of long-cycle licensing projects. Substantial one-time licensing income from Customer Q was recognized in the six months ended June 30, 2025 upon completion of all deliverables, while fewer

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one-time licensing project satisfied the full delivery criteria for revenue recognition in the same period in 2026. This fluctuation arises generally from timing differences in revenue recognition and does not indicate a sustained decline in our licensing business.

Revenue by Geographical Market

The following table sets forth a breakdown of our revenue by registered locations of our customers in absolute amounts and as percentages for the periods indicated. Revenue by geographical markets is presented based on the registered locations of our customer groups, which may differ from the locations of the underlying end customers.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Chinese Mainland	379,624	71.2	375,688	68.0	257,377	37.3	105,578	31.4	126,986	30.5
Hong Kong	131,528	24.7	109,905	19.9	371,171	53.8	186,579	55.3	211,895	51.0
Taiwan	—	—	—	—	—	—	—	—	61,142	14.7
The United States	21,924	4.1	66,648	12.1	59,737	8.7	45,005	13.3	15,538	3.7
Singapore	—	—	—	—	—	—	—	—	205	0.1
The United Kingdom	—	—	163	0.0	1,105	0.2	—	—	82	0.0
Total	533,076	100.0	552,404	100.0	689,390	100.0	337,162	100.0	415,848	100.0

Note:

The revenue information is attributed to the registered locations of our customer groups.

During the Track Record Period, revenue from Chinese Mainland accounted for 71.2%, 68.0%, 37.3%, 31.4% and 30.5% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, while revenue attributed to Hong Kong accounted for 24.7%, 19.9%, 53.8%, 55.3% and 51.0% in the same years/periods, respectively. The dynamics change between Chinese Mainland and Hong Kong in 2025 primarily reflects a change in procurement channel and customer onboarding structure. In particular, a significant portion of our chip shipments continued to be ultimately deployed with end customers located in Chinese Mainland; however, certain PRC end customers increasingly appointed, or procured through, Hong Kong-registered channel sales partners for the purchase of our chips. As a result, the corresponding revenue was recorded under Hong Kong based on the customer group's place of registration, even though the underlying demand and deployment remained predominantly PRC-based. This arrangement is in line with our hybrid sales model and the role of channel sales partners as procurement agents appointed by end customers. For further details on our sales model, including the role of channel sales partners and the underlying end customers, see “Business — Sales and Marketing — Sales Models” in this document.

Revenue from the U.S. market is entirely derived from licensing services income from our key customer, Customer Q, which contributed to substantially all U.S. revenue.

Revenue from the United Kingdom remains minimal in 2024, 2025 and the six months ended June 30, 2026, with just one customer generating revenue.

Revenue from Taiwan and Singapore for the six months ended June 30, 2026 was attributable to existing end customers engaging channel sales partners registered in Taiwan and Singapore, respectively, to act as their procurement agents.

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Cost of Sales

Our cost of sales consists of raw materials, assembly and testing expenses, other expenses, and impairment losses on inventories.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Raw materials	393,273	81.0	324,854	75.8	450,138	79.9	205,840	79.0	303,005	79.0
Assembly and testing expenses	88,949	18.3	81,206	18.9	106,337	18.9	51,708	19.9	78,915	20.6
Others	3,206	0.7	22,950	5.3	6,923	1.2	2,799	1.1	1,389	0.4
Total	485,428	100.0	429,010	100.0	563,398	100.0	260,347	100.0	383,309	100.0

Raw material costs represented the largest component of our cost of sales during the Track Record Period. Our raw material costs decreased from RMB393.3 million in 2023 to RMB324.9 million in 2024, primarily due to a more cost-efficient wafer sourcing mix. In 2025, our raw material costs increased to RMB450.1 million, mainly driven by higher shipment volume in line with our revenue growth, as wafer input costs generally scale with shipments under a fabless model. Compared with 2023, we sourced a larger portion of wafers from domestic suppliers in 2024 and 2025, which helped reduce our unit procurement costs; however, the unit-cost benefit was more than offset at the total-cost level by the increase in overall shipments in 2025. Our raw material costs increased from RMB205.8 million for the six months ended June 30, 2025 to RMB303.0 million for the same period in 2026, in line with growth in shipment volumes.

Meanwhile, our assembly and testing expenses were RMB88.9 million, RMB81.2 million, RMB106.3 million, RMB51.7 million and RMB78.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The increases in 2025 and the six months ended June 30, 2026 were likewise mainly attributable to higher shipment volume, partially offset by our continued optimization of self-developed testing programs and workflows, which helped improve testing efficiency and reduce per-unit testing costs.

Others, primarily related to NRE services and warranty provisions, increased from RMB3.2 million in 2023 to RMB23.0 million in 2024, primarily because our cost of sales in 2024 included certain one-off costs associated with a customized non-recurring engineering service delivered under our licensing and services business, including share-based payment and related personnel costs. In 2025, other costs decreased to RMB6.9 million as no comparable project-based NRE costs were recorded. The increase in other costs in 2024 also reduced the proportion of raw material costs in our cost of sales for that year. For the six months ended June 30, 2026, other costs further decreased to RMB1.4 million, as compared to RMB2.8 million for the same period in 2025, consistent with lower revenue recognized from our licensing and services business.

Furthermore, our cost composition is consistent with the fabless semiconductor business model and industry practice. According to F&S, the cost of wafers, together with related mask and process costs, constitute the primary cost driver for fabless cellular IoT chip companies. This aligns with the observed cost structure during the Track Record Period, where raw material expenditures consistently dominated the cost base. Such cost structure is characteristic of mass-market chip providers, where wafer inputs costs dictate competitive pricing dynamics.

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Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by product and services for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Sale of chips	25,426	5.0	80,766	16.6	67,586	10.7	33,170	11.4	16,973	4.2
— NB-IoT Chips	15,154	8.9	22,592	18.1	23,763	14.7	11,165	15.9	7,960	10.6
— Cat.1bis Chips	10,272	3.0	58,174	16.1	43,823	9.4	22,005	9.9	9,013	2.8
License and service	22,222	98.7	42,628	63.8	58,406	97.5	43,645	96.7	15,566	97.6
Total	47,648	8.9	123,394	22.3	125,992	18.3	76,815	22.8	32,539	7.8

For the year ended December 31, 2023, our gross profit from sales of chips was RMB25.4 million, with a gross profit margin of 5.0%. By product type, our gross profit from NB-IoT chips was RMB15.2 million, with a gross profit margin of 8.9%, while our gross profit from Cat.1bis chips was RMB10.3 million, with a gross profit margin of 3.0%. During the year, the ASP of our NB-IoT chips was RMB5.0, with sales volume of 33.7 million units, while the ASP of our Cat.1bis chips was RMB7.7, with sales volume of 44.1 million units. The relatively low gross profit margin of our chip products in 2023 was primarily attributable to the lingering impact of inventory procured at an exceptionally high cost level during the earlier global wafer supply shortage and the fact that our unit cost base had not yet fully normalized. In particular, the cost of such high-priced inventory recognized in our cost of sales for the year ended December 31, 2023 amounted to approximately RMB198.5 million, representing approximately 50.5% of our raw material costs for the same year, and our average wafer procurement cost was approximately RMB5.1 per unit.

For the year ended December 31, 2024, our gross profit from sales of chips increased to RMB80.8 million, with a gross profit margin of 16.6%. By product type, our gross profit from NB-IoT chips increased to RMB22.6 million, with its gross profit margin improving to 18.1%, while our gross profit from Cat.1bis chips increased to RMB58.2 million, with its gross profit margin improving to 16.1%. During the year, the ASP of our NB-IoT chips decreased slightly from RMB5.0 in 2023 to RMB4.8 in 2024, while its sales volume decreased from 33.7 million units to 26.3 million units, primarily due to cyclical procurement adjustments by downstream customers following the normalization of semiconductor supply and inventory digestion in certain application scenarios, together with competitive dynamics in the NB-IoT market. The ASP of our Cat.1bis chips decreased from RMB7.7 in 2023 to RMB5.9 in 2024, while its sales volume increased from 44.1 million units to 61.1 million units, primarily reflecting continued market adoption following product upgrades and commercialization progress. Notwithstanding the decrease in ASPs, our chip gross profit margin improved in 2024 primarily because our cost base normalized and improved. Specifically, the cost of high-priced inventory recognized in our cost of sales decreased to nil for the year ended December 31, 2024, and our average wafer procurement cost declined to approximately RMB3.7 per unit. Meanwhile, we strengthened our procurement strategy by engaging domestic wafer suppliers to complement our existing overseas supply chain.

For the year ended December 31, 2025, our gross profit from sales of chips decreased to RMB67.6 million, with a gross profit margin of 10.7%. By product type, our gross profit from NB-IoT chips increased slightly to RMB23.8 million, while its gross profit margin decreased to 14.7%; our

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gross profit from Cat.1bis chips decreased to RMB43.8 million, while its gross profit margin decreased to 9.4%. During the year, the ASP of our NB-IoT chips decreased from RMB4.8 in 2024 to RMB4.1 in 2025, while its sales volume increased from 26.3 million units to 39.0 million units. The ASP of our Cat.1bis chips decreased from RMB5.9 in 2024 to RMB4.5 in 2025, while its sales volume increased significantly from 61.1 million units to 104.8 million units. The substantial increase in shipment volume, particularly for Cat.1bis chips, was primarily driven by our competitive pricing strategy, customer penetration and broader market adoption of our products. However, the positive effect of shipment growth and cost optimization was more than offset by the ASP reductions amid continued competitive pricing pressure in the cellular IoT chip market, resulting in a decrease in gross profit and gross profit margin from sales of chips in 2025.

For the six months ended June 30, 2026, our gross profit from sales of chips decreased to RMB17.0 million from RMB33.2 million for the same period in 2025, with gross profit margin decreasing to 4.2% from 11.4% over the same periods. By product type, our gross profit from NB-IoT chips decreased to RMB8.0 million from RMB11.2 million, with the gross profit margin slipping from 15.9% to 10.6%; our gross profit from Cat.1bis chips decreased to RMB9.0 million from RMB22.0 million, with the gross profit margin falling from 9.9% to 2.8%. During the period, the ASP of our NB-IoT chips decreased from RMB4.2 to RMB3.7, while sales volume increased from 16.5 million units to 20.6 million units; the ASP of our Cat.1bis chips decreased from RMB4.7 to RMB4.0, alongside an increase in sales volume from 47.3 million units to 82.0 million units. The substantial growth in shipment volumes, representing a 73.3% uplift for Cat.1bis chips in particular, was mainly attributable to our proactive pricing strategy adopted to seize favorable market opportunities amid intensified industry competition. Accordingly, the downward pressure on ASPs outweighed the positive contribution from higher shipment volumes, resulting in lower gross profit and gross profit margins for both product lines.

The movement in our chip gross profit margin during the Track Record Period should therefore be viewed in the context of both industry-wide pricing dynamics and our evolving commercial strategy. According to F&S, the PRC and global cellular IoT chip markets experienced broad-based ASP compression during the Track Record Period, particularly in mature, mass-market cellular IoT chip categories such as NB-IoT and Cat.1bis, primarily due to intensified competition, increasing standardization of mature products, downstream customers’ cost-down requirements and the normalization of upstream supply following the earlier semiconductor shortage. Our chip revenue during the Track Record Period was concentrated in NB-IoT and Cat.1bis products, which are mass-market and relatively price-sensitive categories and therefore more exposed to ASP compression during periods of intensified competition. The improvement in 2024 primarily reflected cost normalization, supply-chain optimization and improved unit economics after the high-priced inventory impact was largely eliminated. The decline in 2025 primarily reflected our competitive pricing strategy amid continued pricing pressure, particularly in the Cat.1bis segment, where we achieved significant shipment growth but accepted lower ASPs to accelerate market penetration and scale expansion. In particular, the ASP reduction in 2025 exerted downward pressure on gross profit margin, while lower unit procurement and production costs, product design optimization and scale effects partially offset such downward pressure. For the six months ended June 30, 2026, we continued with a proactive pricing strategy to accelerate market penetration and capture market share. Over the longer term, we aim to support our gross profit margin through a combination of continued cost control, scale-driven procurement and manufacturing efficiency, product mix upgrades toward higher-speed and higher-value products, and broader revenue diversification. Following the establishment of our market position, we plan to evaluate opportunities for appropriate price adjustments subject to prevailing market conditions.

For license and service, our gross profit margin was 98.7%, 63.8%, 97.5%, 96.7% and 97.6% for the years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, respectively. The gross profit margin of this segment was generally higher than that of sales of chips, primarily because our license and service arrangements typically involved technology licensing and

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chip design services based on our existing technology platforms, IP, design capabilities and prior research and development accumulation, which required relatively limited incremental direct costs when the relevant technology packages or deliverables were delivered and accepted. According to F&S, technology licensing and semiconductor IP licensing arrangements in the semiconductor industry generally have a structurally higher gross profit margin profile than chip product sales, as they typically do not involve wafer fabrication, assembly and testing costs, and may involve repeated or follow-on monetization of existing IP, design platforms or technology deliverables with limited incremental direct costs. The gross profit margin of this segment fluctuated during the Track Record Period primarily due to differences in revenue mix among one-time license fees, royalty payments and design fees/NRE fees, as well as the extent of customization, engineering support, testing and validation work required for the relevant projects.

For the year ended December 31, 2023, our gross profit from license and service was RMB22.2 million, with a gross profit margin of 98.7%. This high gross profit margin was primarily attributable to the project mix in that year, as revenue from Customer Q primarily consisted of one-time license fees and royalty payments, which amounted to RMB17.9 million and RMB4.0 million, respectively, while no design fees were recognized in 2023. The relevant licensing arrangements were based on our existing technology platforms, IP, design capabilities and prior research and development accumulation, and therefore required limited incremental engineering support, testing or validation costs during the year. As a result, the direct cost recognized for license and service was relatively low at approximately RMB0.3 million in 2023.

For the year ended December 31, 2024, our gross profit from license and service increased to RMB42.6 million, while our gross profit margin decreased to 63.8%. The decrease in gross profit margin was primarily attributable to a change in project mix and the higher cost intensity of certain projects undertaken during the year. In particular, compared with 2023, a higher proportion of our license and service revenue in 2024 was generated from design fees/NRE fees, which amounted to RMB50.2 million and represented the majority of revenue from Customer Q in 2024, while one-time license fees and royalty payments amounted to RMB4.9 million and RMB11.5 million, respectively. The relevant design and customization projects required more engineering, research and development, product adaptation, testing, validation and customer support efforts. Accordingly, the direct cost recognized for license and service increased significantly from approximately RMB0.3 million in 2023 to approximately RMB24.2 million in 2024. Such projects were more labor- and support-intensive than the higher-margin licensing projects recognized in 2023, and therefore resulted in a lower gross profit margin for the license and service segment in 2024.

For the year ended December 31, 2025, our gross profit margin for license and service increased to 97.5%, primarily because the relevant projects recognized during the year required limited additional manpower and direct project costs, as they were mainly based on our existing technology platforms, IP and accumulated design results. In 2025, revenue from Customer Q consisted of one-time license fees of RMB26.0 million, royalty payments of RMB23.7 million and design fees/NRE fees of RMB10.0 million. Compared with 2024, the proportion of design fees/NRE fees decreased significantly, while higher-margin one-time license fees and royalty payments accounted for a larger portion of revenue from Customer Q. The direct cost recognized for license and service decreased to approximately RMB1.5 million in 2025.

For the six months ended June 30, 2026, our gross profit from license and service decreased to RMB15.6 million from RMB43.6 million for the same period in 2025, with the gross profit margin improving from 96.7% to 97.6%. The decrease in gross profit was primarily attributable to lower revenue recognized from Customer Q during the period, which mainly reflected the non-linear, milestone-driven nature of our licensing and service business. The higher gross profit margin was mainly due to the limited marginal costs associated with such license and service business.

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The fluctuation in the gross profit margin of our license and service segment during the Track Record Period was therefore primarily driven by the mix of licensing and service projects, the extent of customization and engineering support required, and the timing and amount of direct project costs recognized in the relevant year/period.

We mitigate ongoing pricing pressure and support our gross profit margin primarily through disciplined cost control and mix optimization. On the cost side, we continue to advance supply chain localization and deepen collaboration with upstream suppliers on product and technology initiatives to secure more competitive quotations and improve unit economics, while leveraging scale and process improvements to enhance procurement efficiency. On the revenue side, we focus on improving our customer and application mix by expanding into relatively higher-margin end markets, such as wearable applications, and pursuing overseas market expansion to broaden our customer base and diversify demand, which in turn supports more resilient gross profit margin performance over time.

Other Income and Gains

Other income and gains consist of government grants and value-added tax additional deduction, interest income, fair value gains on financial instruments at fair value through profit or loss, foreign exchange gains and others. The following table sets forth a breakdown of our other income and gains by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Government grants and value-added tax additional deduction . . .	5,351	13.0	15,568	29.1	11,504	31.1	8,129	37.3	2,285	13.0
Interest income	7,291	17.8	8,876	16.6	8,914	24.1	4,175	19.2	2,217	12.5
Fair value gains on financial instruments at fair value through profit or loss	27,983	68.2	27,655	51.8	16,545	44.8	9,468	43.5	13,127	74.5
Foreign exchange gains . .	410	1.0	1,323	2.5	—	—	—	—	—	—
Others	5	0.0	—	—	—	—	—	—	—	—
Total	41,040	100.0	53,422	100.0	36,963	100.0	21,772	100.0	17,629	100.0

Government grants and value-added tax additional deduction represent the receipt of various government subsidies, including those for research and development, talent retention, and economic development funds, as well as the preferential treatment of the additional deduction of value-added tax, which supported our ongoing business expansion.

Interest income mainly represent interest income from our bank deposits following our equity financing.

We recorded fair value gains on financial instruments at fair value through profit or loss for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, mainly reflecting our investments in wealth management products.

We recorded foreign exchange gains for the years ended December 31, 2023 and 2024, primarily reflecting the changes in the exchange rate of the USD against the RMB, as we held the USD-denominated monetary assets.

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Selling and Distribution Expenses

Our selling and distribution expenses consist of employee benefit expenses, share-based payment expenses, travel expenses, depreciation and amortization expenses, and other miscellaneous costs. The table below sets forth a breakdown of our selling and distribution expenses by nature for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Employee benefit expenses	8,223	60.9	7,584	66.6	7,999	66.6	3,476	64.7	4,346	68.6
Share-based payment expenses	3,573	26.5	2,440	21.4	2,589	21.5	1,046	19.5	589	9.3
Travel expenses	605	4.5	402	3.5	470	4.0	217	4.0	173	2.7
Depreciation and amortization expenses . .	232	1.7	182	1.6	182	1.5	93	1.7	91	1.5
Other expenses	871	6.4	785	6.9	774	6.4	542	10.1	1,135	17.9
Total	13,504	100.0	11,393	100.0	12,014	100.0	5,374	100.0	6,334	100.0

Our selling and distribution expenses during the Track Record Period had not experienced significant fluctuations overall. The fluctuations were mainly driven by employee benefit expenses fluctuating in line with the scaling of the sales workforce.

Administrative Expenses

The table below sets forth a breakdown of our administrative expenses by nature for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Employee benefit expenses	6,740	14.3	6,880	51.7	8,007	33.2	3,321	62.3	4,601	63.7
Share-based payment expenses	33,684	71.2	1,018	7.6	654	2.7	413	7.7	131	1.8
Intermediary fees	4,357	9.2	3,192	23.9	1,196	5.0	621	11.7	17	0.2
Depreciation and amortization expenses . .	1,137	2.4	1,108	8.3	1,037	4.3	498	9.3	458	6.3
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other expenses	1,352	2.9	1,130	8.5	1,076	4.4	477	9.0	672	9.3
Total	47,270	100.0	13,328	100.0	24,114	100.0	5,330	100.0	7,230	100.0

The main contributors to the fluctuations in administrative expenses during the Track Record Period were the continuous decrease in share-based payment expenses throughout the Track Record Period and the [REDACTED] expenses incurred in 2025 and the six months ended June 30, 2026.

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Research and Development Expenses

The table below sets forth a breakdown of our research and development expenses by nature for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Employee benefit expenses	84,445	45.4	104,378	75.2	106,172	78.7	51,073	75.1	56,549	81.8
Share-based payment expenses	72,591	39.0	17,139	12.3	12,761	9.5	6,570	9.7	1,957	2.8
Material costs	17,019	9.1	8,255	5.9	8,069	6.0	6,338	9.3	6,589	9.5
Depreciation and amortization expenses . .	5,698	3.1	5,058	3.6	4,688	3.5	2,349	3.5	2,457	3.6
Other expenses	6,391	3.4	4,083	3.0	3,220	2.3	1,637	2.4	1,597	2.3
Total	186,144	100.0	138,913	100.0	134,910	100.0	67,967	100.0	69,149	100.0

Employee benefit expenses, which primarily consist of salaries, bonuses, and social insurance contributions for research and development personnel, saw an increase during the Track Record Period. This rise was primarily driven by the expansion of our research and development team to support the development of key projects.

Share-based payment expenses associated with shares granted to employees in the research and development department decreased from RMB72.6 million in 2023 to RMB17.1 million in 2024, primarily attributable to the vesting of share awards for certain employees in 2023, and these expenses continued to decline to RMB12.8 million in 2025, as we made share-based payments that vest in installments, the total expense is allocated proportionally and sequentially to each vesting period based on the remaining service period, which resulted in lower annual charges. Our share-based payment expenses decreased from RMB6.6 million for the six months ended June 30, 2025 to RMB2.0 million for the six months ended June 30, 2026, primarily due to the amortization profile of previously granted equity awards, which were expected to vest upon the [REDACTED], with no new equity awards granted during the period.

Material costs decreased by RMB8.8 million in 2024 as compared to 2023, mainly due to as fewer products entered the tape-out phase. For the six months ended June 30, 2025 and 2026, our material costs remained relatively stable at RMB6.3 million and RMB6.6 million, respectively.

Other Expenses

The table below sets forth a breakdown of our other expenses by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Foreign exchange losses . .	—	—	—	—	2,297	99.5	522	99.8	6,202	100.0
Others	2	100.0	—	—	11	0.5	1	0.2	—	—
Total	2	100.0	—	—	2,308	100.0	523	100.0	6,202	100.0

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For the year ended December 31, 2025 and the six months ended June 30, 2026, we recorded foreign exchange losses of RMB2.3 million and RMB 6.2 million, respectively, mainly due to the changes in exchange rate of the USD against the RMB.

Finance costs

Our finance costs comprise of (i) interest on interest-bearing bank; and (ii) interest on lease liabilities for leasing of offices. Other financial liabilities were recognized initially at the fixed redemption amount repayable on demand, with contractual interest factored in upfront without applying market interest rates. Please refer to Note 26 to the Accountants’ Report included in Appendix I to this document for more details. The following table below sets forth a breakdown of our finance costs by nature for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Interest on interest-bearing bank borrowings	56	13.2	129	31.3	775	83.0	376	81.7	562	87.4
Interest on lease liabilities	368	86.8	283	68.7	159	17.0	84	18.3	81	12.6
Total	424	100.0	412	100.0	934	100.0	460	100.0	643	100.0

Income Tax (Credit)/Expense

We did not incur income tax expenses during the Track Record Period, primarily due to our accumulated tax losses.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue and gross profit

For the six months ended June 30, 2026, we achieved RMB415.8 million in revenue, reflecting a 23.3% increase compared to RMB337.2 million for the same period in 2025. This growth was largely driven by substantial increase in sales volumes of our chip products.

For the six months ended June 30, 2026, our gross profit was RMB32.5 million, a 57.6% decrease compared to RMB76.8 million for the same period in 2025. Our gross profit margin declined to 7.8% for the six months ended June 30, 2026 from 22.8% for the same period in 2025. The decrease was mainly attributable to our proactive pricing strategy to seize favorable market opportunities amid intensified industry competition.

Cost of sales

For the six months ended June 30, 2026, our cost of sales increased by approximately 47.2%, from RMB260.3 million for the same period in 2025 to RMB383.3 million. The increase was primarily due to higher raw material pronouncement costs together with assembly and testing expenses, in line with the substantial increase in sales volumes of our chip products.

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Other income and gains

For the six months ended June 30, 2026, other income and gains fell by approximately 19.0% from RMB21.8 million for the same period in 2025 to RMB17.6 million. This was primarily driven by lower government grants, which mainly stemmed from timing differences in government grant receipts.

Selling and distribution expenses

For the six months ended June 30, 2026, our selling and distribution expenses increased by 17.9% from RMB5.4 million for the same period in 2025 to RMB6.3 million. The increase was mainly due to higher employee benefit expenses and booth setup expenses for industry exhibitions.

Administrative expenses

For the six months ended June 30, 2026, our administrative expenses increased by 35.6% from RMB5.3 million for the same period in 2025 to RMB7.2 million. The increase was primarily driven by higher employee benefit expenses.

Research and development expenses

For the six months ended June 30, 2026, our research and development expenses remained relatively stable, increasing slightly by 1.7% from RMB68.0 million for the same period in 2025 to RMB69.1 million.

Other expenses

For the six months ended June 30, 2026, other expenses increased from RMB0.5 million for the same period in 2025 to RMB6.2 million, mainly due to the foreign exchange losses arising from the sustained weakening of the USD against the RMB.

Finance costs

For the six months ended June 30, 2026, finance costs increased slightly from RMB0.5 million for the same period in 2025 to RMB0.6 million.

(Impairment losses)/Reversal of impairment losses on financial assets, net

For the six months ended June 30, 2026, we recorded a reversal of impairment losses on financial assets of RMB0.4 million, compared to an impairment loss of RMB2.1 million for the same period of 2025. This change was primarily due to improvements in credit management, better collections, and the stabilization of customer credit conditions.

Profit/(Loss) for the period

As a result of the foregoing, we recorded a loss of RMB39.0 million for the six months ended June 30, 2026, while we recorded a profit of RMB16.9 million for the same period in 2025.

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

Revenue and gross profit

For the year ended December 31, 2025, our revenue increased by 24.8% from RMB552.4 million in 2024 to RMB689.4 million. This increase was primarily driven by higher sales volume of our chips, while a reduction in ASP remained a critical offsetting factor affecting our revenue growth in 2025. For details, please refer to “— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue” above. For the year ended December 31, 2025, our gross profit increased to RMB126.0 million from RMB123.4 million in 2024. Our overall gross profit margin decreased modestly from 22.3% in 2024 to 18.3% in 2025. For details, please refer to “— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Gross Profit” above.

Cost of sales

For the year ended December 31, 2025, our cost of sales increased by approximately 31.3%, from RMB429.0 million in 2024 to RMB563.4 million in the same period in 2025. The increase was primarily due to the increase in sales volume of our chips, which led to higher raw material costs and assembly and testing expenses. In addition, cost of sales in 2024 included certain project-based NRE costs, which did not recur in 2025.

Other income and gains

For the year ended December 31, 2025, other income and gains decreased by approximately 30.8% from RMB53.4 million in 2024 to RMB37.0 million. This was primarily due to the reduction in our government grants and fair value gains on financial instruments at fair value through profit or loss from wealth management products.

Selling and distribution expenses

For the year ended December 31, 2025, our selling and distribution expenses remained relatively stable, at RMB11.4 million in 2024 and RMB12.0 million in 2025. The slight increase was primarily due to higher employee benefits expenses and share-based payments.

Administrative expenses

For the year ended December 31, 2025, our administrative expenses increased from RMB13.3 million in 2024 to RMB24.1 million in the same period in 2025. The increase was due to [REDACTED] expenses incurred in connection with the [REDACTED].

Research and development expenses

For the year ended December 31, 2025, our research and development expenses amounted to RMB134.9 million, representing 19.6% of total revenue. This represented a 2.9% decrease from RMB138.9 million in 2024.

Other expenses

For the year ended December 31, 2025, other expenses increased from nil for the same period in 2024 to RMB2.3 million, mainly due to the foreign exchange losses from changes in the exchange rate of the USD against the RMB.

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Finance costs

For the year ended December 31, 2025, finance costs increased from RMB0.4 million in 2024 to RMB0.9 million. This increase was mainly driven by new loans totaling RMB43.0 million secured from commercial banks to support our working capital needs.

Impairment losses on financial assets, net

For the year ended December 31, 2025, we recorded net impairment losses on financial assets of RMB4.6 million, compared to RMB0.4 million in 2024. The increase was primarily due to higher outstanding receivables from one customer.

Profit for the year

As a result of the foregoing, our profit for the year turned to a loss of RMB16.0 million from a profit of RMB12.4 million for year ended December 31, 2024.

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

Revenue and gross profit

Our revenue increased by approximately 3.6% in the year ended December 31, 2024 compared to the year ended December 31, 2023, rising from RMB533.1 million to RMB552.4 million. This growth was driven by strong performance in our Cat.1bis product category, despite a slight decline in NB-IoT chip sales due to price competition. We also saw increased revenue from our licensing services, which grew substantially in the year ended December 31, 2024 due to the completion of key milestones in certain design services projects.

For the year ended December 31, 2024, our gross profit increased to RMB123.4 million, a 159.0% increase compared to RMB47.6 million for the year ended December 31, 2023. Our gross profit margin improved significantly from 8.9% in 2023 to 22.3% in 2024, reflecting better operational efficiency and cost optimization strategies. The consumption of high-priced inventory purchased during the 2022 wafer supply shortage in 2023 had resulted in a relatively lower gross profit margin that year. Furthermore, assembly and testing costs stabilized as production efficiencies were realized. Our continued research and development investments also played a key role in improving product cost structures, contributing to the higher gross profit margin in 2024.

Cost of sales

Our cost of sales decreased by 11.6% from RMB485.4 million for the year ended December 31, 2023 to RMB429.0 million for the year ended December 31, 2024, primarily due to a decrease in raw material costs as we consumed high-priced wafer inventory purchased during the 2022 supply shortage. Moreover, lower assembly and testing costs, together with improved production efficiencies, contributed to the reduction in our overall costs.

Other income and gains

Our other income and gains increased by 30.2% from RMB41.0 million for the year ended December 31, 2023 to RMB53.4 million for the year ended December 31, 2024. This increase was primarily driven by higher government grants related to research and development and economic development subsidies, alongside investment returns from term deposits, net-value financial products, and fair value changes of financial assets.

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Selling and distribution expenses

Our selling and distribution expenses decreased by 15.6%, from RMB13.5 million for the year ended December 31, 2023 to RMB11.4 million for the year ended December 31, 2024. This reduction was primarily due to the lower share-based payment expenses in 2024 compared to 2023.

Administrative expenses

For the year ended December 31, 2024, our administrative expenses decreased to RMB13.3 million. This marked a significant 71.8% reduction compared to RMB47.3 million in 2023. The decrease was mainly due to the lower share-based payment expenses in 2024, which were notably higher in 2023 due to share-based incentives granted during that year.

Research and development expenses

For the year ended December 31, 2024, our research and development expenses were RMB138.9 million, accounting for 25.1% of total revenue. This represented a 25.4% decrease compared to RMB186.1 million for the year ended December 31, 2023, primarily due to the share-based payment expenses in 2023.

Other expenses

For the year ended December 31, 2024, other expenses was nil, compared to RMB2,000 for the year ended December 31, 2023.

Finance costs

For the year ended December 31, 2024, our finance costs remained relatively stable, decreasing slightly from RMB424 thousand in 2023 to RMB412 thousand.

Reversal of impairment losses/(impairment losses) on financial assets, net

We recorded an impairment loss on financial assets of RMB375 thousand for the year ended December 31, 2024, compared to a reversal of impairment losses of RMB120 thousand for the year ended December 31, 2023. This reflects an increase in credit impairments, primarily due to a higher volume of receivables requiring provision.

Profit for the year

As a result of the foregoing, we reversed a loss of RMB158.5 million in 2023, and recorded a profit of RMB12.4 million in 2024, marking a positive turnaround. This significant improvement was primarily driven by better cost management, higher revenue, and improved gross profit margin. Furthermore, the reduction in share-based payment expenses played an important role in the turnaround.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital Statement

Our Directors confirm that taking into account the financial resources presently available to our Group, including our internal resources and the estimated [REDACTED] of the [REDACTED], our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this document.

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For the year ended December 31, 2025, we recorded negative cash flows from operating activities, reflecting the impact of increased working capital needs, primarily driven by higher inventory levels. While we continue to manage our liquidity carefully, we acknowledge that the negative cash flow during this period highlights the challenges of balancing business growth and cash conversion. For more details about our negative cash flow and liquidity risks, please refer to “Risk Factors — Negative operating cash flow may subject us to liquidity risks” in this document. We remain committed to maintaining sufficient liquidity to support our operations and growth strategy, and we will continue to monitor cash flow closely to ensure adequate funding for our business needs.

Cash Flows

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Net cash flows from/(used in)					
operating activities	187,062	57,291	(186,027)	(145,638)	24,007
Net cash flows (used in)/from					
investing activities	(301,500)	(48,805)	187,450	196,386	18,545
Net cash flows from financing					
activities	2,366	4,425	51,984	37,453	(28,363)
Net (decrease)/increase in cash					
and cash equivalents	(112,072)	12,911	53,407	88,201	14,189
Cash and cash equivalents at					
beginning of year/period	134,383	22,311	35,222	35,222	88,629
Effect of foreign exchange rate					
changes, net	—	—	—	—	(13)
Cash and cash equivalents at					
end of year/period	22,311	35,222	88,629	123,423	102,805

For the year ended December 31, 2025, we recorded net cash flows used in operating activities of RMB186.0 million. In 2025, our inventory build-up was primarily driven by (i) strategic stocking under a framework arrangement with a major customer, under which we planned production and procured key materials in advance to ensure supply continuity and delivery reliability, and (ii) our rolling monthly production planning based on order intake and demand forecasts, as we continued to receive new orders on an ongoing basis from 2025 into 2026. The increase in inventories in 2025 mainly reflected the build-up of finished goods for newly launched products to support revenue fulfillment, rather than slow-moving stock accumulation. In addition, our inventory turnover remained disciplined, with inventory aging generally not exceeding six months, and our historical inventory build-ups were substantially cleared in a timely manner in line with sales fulfillment. Our operating cash flow is materially affected by our inventory procurement cycle and the timing difference between payments to upstream suppliers and collections from downstream customers. Our product manufacturing cycle is approximately four months and we typically arrange production in advance based on customers’ forecast demand. As a result, under normal circumstances, there is generally a four-to-five-month timing gap between our payments to upstream suppliers and our collections from customers. During periods of business growth, or when the industry faced capacity tightness and we expanded production scheduling or pre-locked capacity to secure supply, our working capital requirements increased, which could cause net cash used in operating activities to be negative in the relevant period.

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To improve operating cash flow management and working capital efficiency, we have implemented a series of measures, including: (i) optimizing upstream payment terms, for example, by shortening the prepayment period by approximately one-third; (ii) establishing a multi-supplier system and deepening cooperation with suppliers to enhance bargaining power and obtain more competitive quotations; (iii) strengthening accounts receivable management by maintaining stable credit terms for major customers while tightening credit control and collection management for small and medium-sized customers; (iv) improving inventory planning precision based on customer demand forecasts and avoiding unnecessary inventory accumulation; and (v) optimizing product and customer mix by expanding into higher-margin markets, such as wearable applications, and pursuing overseas market expansion.

Net cash flows from/(used in) operating activities

For the six months ended June 30, 2026, our net cash flows generated from operating activities amounted to RMB24.0 million. This was derived from a loss before tax of RMB39.0 million. A series of positive and negative adjustments were made to this loss, leading to the final cash flow figure. The main positive adjustments to the operating cash flow included: (i) a decrease in prepayments, other receivables, and other assets of RMB44.8 million, primarily due to export tax rebates; and (ii) a decrease in inventories of RMB29.1 million, driven by the gradual digestion of inventory stockpiled in 2025 to support business expansion. The main negative adjustments were: (i) the net gain arising on financial instruments at fair value through profit or loss of RMB13.1 million; (ii) a decrease in other payables and accruals of RMB10.4 million, mainly driven by a reduction in payroll and welfare payable; and (iii) an increase in trade receivables of RMB10.4 million, reflecting higher outstanding payments from customers. These positive and negative adjustments collectively resulted in the net operating cash inflow of RMB24.0 million for the period.

For the year ended December 31, 2025, our net cash flows used in operating activities amounted to RMB186.0 million. Starting from a loss before tax of RMB16.0 million, we made a series of adjustments in arriving at net cash flows used in operating activities, which were primarily affected by working capital movements, in particular the increase in inventories of RMB137.2 million. Such inventory build-up was the principal driver of our operating cash outflow and primarily reflected inventory preparation to support business expansion and increased chip shipments. The principal negative adjustments were: (i) the increase in inventories of RMB137.2 million; (ii) the increase in prepayments, other receivables and other assets of RMB37.9 million, primarily due to the increase in deductible input value-added tax; and (iii) the net gain arising on financial instruments at fair value through profit or loss of RMB16.5 million. These negative adjustments were partially offset by certain positive adjustments, primarily including (i) share-based payment expenses of RMB16.0 million, reflecting non-cash stock-based compensation granted to employees, and (ii) the increase in trade payables of RMB10.1 million.

For the year ended December 31, 2024, our net cash flows generated from operating activities amounted to RMB57.3 million. This was derived from a profit before tax of RMB12.4 million. A series of positive and negative adjustments were made to this profit, leading to the final cash flow figure. The positive adjustments include: (i) a decrease in inventories of RMB23.2 million, driven by stock buildup to meet future customer demand; (ii) a decrease in prepayments, other receivables, and other assets of RMB71.2 million, primarily related to timing differences in payments and receipts; and (iii) share-based payment expenses of RMB21.0 million, reflecting the non-cash cost of stock-based compensation granted to employees. This amount was added back to the operating profit as no cash was expended during the period for this expense. The main negative adjustments were due to changes in working capital, including (i) an increase in trade receivables of RMB12.0 million, reflecting higher outstanding payments from customers; and (ii) a decrease in other payables and accruals of RMB21.5 million, driven by a reduction in accrued liabilities. These adjustments resulted in net cash generated from operating activities of RMB57.3 million for the year.

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For the year ended December 31, 2023, our net cash flows generated from operating activities amounted to RMB187.1 million. This was derived from a loss before tax of RMB158.5 million. A series of positive and negative adjustments were made to this loss, leading to the final cash flow figure. The major positive adjustments to the operating cash flow included (i) depreciation of property, plant, and equipment of RMB4.2 million, representing the non-cash expense associated with the use of tangible fixed assets; (ii) share-based payment expenses of RMB119.3 million, reflecting the cost of stock-based compensation granted to employees; (iii) a decrease in trade receivables of RMB22.6 million, primarily driven by faster collection from customers; and (iv) a decrease in prepayments, other receivables, and other assets of RMB235.1 million, largely due to timing differences in payments and receipts. The main negative adjustments were due to changes in working capital. There including (i) an increase in inventories of RMB26.9 million; and (ii) an increase in other payables and accruals of RMB26.3 million, driven by the timing of expenses and liabilities. These adjustments, both positive and negative, resulted in net cash generated from operating activities of RMB187.1 million for the year.

Net cash flows (used in)/from investing activities

For the six months ended June 30, 2026, our net cash flows generated from investing activities amounted to RMB18.5 million. This was primarily due to proceeds from the maturity and redemption of financial assets at fair value through profit or loss of RMB480.0 million and the withdrawal of time deposits of RMB195.0 million, partially offset by purchases of financial assets at fair value through profit or loss of RMB673.5 million.

For the year ended December 31, 2025, our net cash flows generated from investing activities amounted to RMB187.5 million. This was primarily due to proceeds from the maturity and redemption of financial assets at fair value through profit or loss, amounting to RMB1,173.5 million, which also included the associated gains. These proceeds were partially offset by purchases of financial assets at fair value through profit or loss of RMB1,000.7 million and purchases of property, plant, and equipment amounting to RMB7.4 million. Furthermore, we received withdrawal of time deposits of RMB20.7 million, which slightly contributed to the positive cash flow from investing activities.

For the year ended December 31, 2024, our net cash flows used in investing activities amounted to RMB48.8 million. This was primarily driven by purchases of financial assets at fair value through profit or loss of RMB1,532.6 million and purchases of property, plant, and equipment of RMB2.0 million, partially offset by proceeds from the maturity and redemption of financial assets at fair value through profit or loss of RMB1,485.8 million.

For the year ended December 31, 2023, our net cash flows used in investing activities amounted to RMB301.5 million. This was mainly due to purchases of financial assets at fair value through profit or loss of RMB2,021.2 million, and purchases of property, plant, and equipment of RMB12.7 million, partially offset by proceeds from the maturity and redemption of financial assets at fair value through profit or loss of RMB1,947.7 million.

Net cash flows (used in)/from financing activities

For the six months ended June 30, 2026, our net cash flows used in financing activities amounted to RMB28.4 million. This was primarily driven by decrease in bank overdrafts of RMB50.7 million, partially offset by new bank loans of RMB24.5 million.

For the year ended December 31, 2025, our net cash flows generated from financing activities amounted to RMB52.0 million. This was primarily driven by increase in bank overdraft of RMB57.6 million, partially offset by lease payment of RMB2.9 million. Furthermore, our bank loans of RMB43.0 million was fully repaid upon maturity.

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For the year ended December 31, 2024, our net cash flows generated from financing activities amounted to RMB4.4 million. This was primarily driven by new bank overdraft of RMB7.4 million, partially offset by lease payments of RMB2.9 million and interest paid of RMB0.1 million.

For the year ended December 31, 2023, our net cash flows generated from financing activities amounted to RMB2.4 million. This was driven by capital injection from our shareholders of RMB5.0 million, partially offset by lease payments of RMB2.6 million and interest paid of RMB0.1 million.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth a summary of our consolidated statement of financial position as of the dates indicated.

	As of December 31,			As of June 30	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets					
Inventories	110,531	87,300	224,512	195,461	223,516
Trade receivables	60,489	72,091	81,835	92,628	116,658
Prepayments, other receivables and other assets	130,287	59,301	99,900	55,582	37,357
Financial assets at fair value through profit or loss	644,030	718,453	562,243	768,842	744,068
Time deposits	—	21,970	213,928	—	—
Restricted cash	—	58	—	—	—
Cash and cash equivalents	22,311	35,222	88,629	102,805	139,801
Total current assets	967,648	994,395	1,271,047	1,215,318	1,261,400
Total non-current assets	246,941	227,887	21,692	24,731	24,685
Current liabilities					
Trade payables	22,695	13,762	23,899	41,480	86,228
Other payables and accruals	53,990	32,451	36,566	26,118	28,678
Interest-bearing bank borrowings	—	7,439	65,004	38,857	46,060
Lease liabilities	2,396	2,528	2,726	2,217	2,149
Provisions	2,269	1,935	2,818	3,075	3,075
Other financial liabilities	—	—	1,629,600	1,629,600	1,629,600
Total current liabilities	81,350	58,115	1,760,613	1,741,347	1,795,790
Total non-current liabilities	5,082	2,573	85	3,009	2,837
Net current assets/(liabilities)	886,298	936,280	(489,566)	(526,029)	(534,390)
Net assets/(liabilities)	1,128,157	1,161,594	(467,959)	(504,307)	(512,542)

As of December 31, 2023, 2024, 2025 and June 30, 2026, our net assets/(liabilities) were RMB1,128.2 million, RMB1,161.6 million, RMB(468.0) million and RMB(504.3) million, respectively. The fluctuations in our net assets/(liabilities) during the Track Record Period were primarily driven by our (loss)/profit for the year/period and total comprehensive (loss)/income for the year/period, as reflected in the consolidated statements of changes in equity in the Accountants' Report included in Appendix I to this document. As of June 30, 2026, excluding other financial liabilities of RMB1,629.6 million, we would have recorded net assets of RMB1,125.3 million. Other financial liabilities primarily represented the redemption rights granted to certain [REDACTED] investors on November 27, 2025.

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As of December 31, 2023, we recorded net assets of RMB1,128.2 million, which was affected by a loss for the year and total comprehensive loss of RMB158.5 million. The loss was primarily driven by continued industry-wide ASP compression in our mass-market NB-IoT and Cat.1bis products and a still-normalizing cost base following the earlier 2022’s supply disruption, as well as our sustained investment in research and development and commercialization capability to support product iteration and long-term portfolio expansion. These factors were partially offset by a capital injection of RMB5.0 million during the year.

As of December 31, 2024, our net assets increased by RMB33.4 million, primarily because we recorded a profit for the year and total comprehensive income of RMB12.4 million. The turnaround from loss-making in 2023 to profit-making in 2024 was mainly attributable to a meaningful improvement in gross profitability and a more normalized expense profile, supported by (i) procurement normalization and cost optimization, including stronger control over wafer procurement costs through the introduction of domestic wafer suppliers and overall supply chain optimization, and (ii) improved product-level profitability following the commercialization of new Cat.1bis products launched in late 2023, which enabled us to better balance market penetration and profitability amid ongoing price competition.

As of December 31, 2025, we recorded net liabilities of RMB468.0 million and net current liabilities of RMB489.6 million. This shift from net assets to net liabilities and net current assets to net current liabilities was primarily attributable to the recognition of financial liabilities in respect of redemption rights issued to investors of RMB1,629.6 million arising from our redemption rights. As a result, as of December 31, 2025, we recorded a net liabilities and net current liabilities position as of year-end, which was mainly driven by the impact from the recognition of redemption right liabilities rather than a deterioration in our working capital position. Please refer to Note 26 to the Accountants’ Report included in Appendix I to this document for more information.

As of June 30, 2026, we recorded net current liabilities and net liabilities amounting to RMB526.0 million and RMB504.3 million, respectively. The net current liabilities and net liabilities primarily arose from redemption rights granted to investors, amounting to RMB1,629.6 million as of June 30, 2026. Such redemption rights would be terminated and the redemption liabilities would be reclassified to equity upon the [REDACTED].

Property, Plant and Equipment (“PPE”)

Our PPE consist of machinery, office equipment and electronic devices, vehicles, and leasehold improvements. The table below sets forth a breakdown of our PPE as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Machinery	13,721	13,244	15,953	16,925
Office equipment and electronic devices	2,165	1,243	873	846
Vehicles	398	268	138	72
Leasehold improvements	1,327	808	382	174
Total	17,611	15,563	17,346	18,017

During the Track Record Period, changes in PPE were mainly driven by our expansion in our operations and research and development capabilities. Specifically, our increase in machinery was primarily driven by the purchase of research and development equipment, such as ATE machines and consistency testing systems, essential for the development and testing of new products. These

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investments are crucial for our ongoing research and development activities and are expected to improve testing efficiency and product validation. In terms of office equipment and electronic devices, we saw a steady decrease in net value, mainly due to normal depreciation and the fact that some equipment reached the end of its useful life in 2024, with no further amortization needed for these assets.

Right-of-Use Assets

Our right-of-use assets primary consist of leased office buildings. The table below sets forth the breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Leased office buildings	6,443	4,201	2,203	4,918
Total	6,443	4,201	2,203	4,918

Intangible Assets

Intangible assets consist of (i) software, and (ii) licenses. The table below sets forth the breakdown of our intangible assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Software	57	34	12	2
Licenses	61	—	—	—
Total	118	34	12	2

Inventories

The following tables set forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	43,797	20,010	55,124	62,706
Work in progress	22,810	33,924	68,410	85,062
Contract fulfillment costs	20,893	1,467	—	—
Finished goods	23,031	31,899	100,978	47,693
Total	110,531	87,300	224,512	195,461

Raw materials

Our raw materials in inventory primarily consist of semiconductor wafers, electronic components, and packaging materials for cellular IoT chips. As of December 31, 2024, the value of raw materials decreased to RMB20.0 million, compared to RMB43.8 million in 2023, primarily due to the consumption of raw materials purchased in previous years. As of December 31, 2025, raw material inventory increased to RMB55.1 million, driven by production expansion in response to rising market

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demand, particularly for new products. As of June 30, 2026, raw material inventory increased to RMB62.7 million, consistent with normal inventory stocking to support higher sales volumes of our chip products.

Work in progress

Work in progress in inventory consists of semi-finished cellular IoT chips still in manufacturing stages. Work in progress increased to RMB33.9 million as of December 31, 2024, compared to RMB22.8 million as of December 31, 2023, and further to RMB68.4 million as of December 31, 2025, driven by preparations to meet market demands. As of June 30, 2026, work in progress increased to RMB85.1 million, consistent with normal inventory stocking to support higher sales volumes of our chip products.

Finished goods

Our finished goods in inventory represent fully manufactured cellular IoT chips, ready for sale. As of December 31, 2024, the value of finished goods increased to RMB31.9 million, compared to RMB23.0 million as of December 31, 2023, mainly due to expanded production to meet rising customer demand. As of December 31, 2025, the value of finished goods surged to RMB101.0 million, primarily due to a buildup of unsold stock for chips such as the EC716S, EC718, and EC618 to meet growing customer demand. As of June 30, 2026, the value of finished goods decreased to RMB47.7 million, primarily due to the fulfillment of customer orders.

Aging analysis

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within a month	67,659	55,998	124,648	125,860
1 to 2 months	4,074	12,394	36,730	37,540
2 to 3 months	1,500	4,157	37,799	24,465
Over 3 months	37,298	14,751	25,335	7,596
Total	110,531	87,300	224,512	195,461

Turnover days

The following table sets forth our inventory turnover days during the Track Record Period:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
			days	
Inventory turnover days ⁽¹⁾	81	83	100	99

Note:

- (1) Inventory turnover days is calculated based on the average of the beginning and ending balance of inventories divided by cost of sales for the year/period, then multiplied by 360/180.

Our inventory turnover days remained stable at 81 days in 2023 and 83 days in 2024. It further increased to 100 days for the year ended December 31, 2025 and stayed relatively unchanged at 99 days for the six months ended June 30, 2026, primarily in preparation for the estimated increase of future customer demands.

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As of July 31, 2026, approximately RMB147.6 million, or 75.5%, of our inventories as of June 30, 2026, had been sold or utilized.

Trade receivables

Our trade receivables primarily represent amounts due from customers for goods sold and services rendered. We have a mix of regular commercial partners and high-profile industry players, with payment terms varying by customer.

As of December 31, 2024, our trade receivables increased to RMB72.1 million, from RMB60.5 million as of December 31, 2023. This increase was mainly due to higher sales in the second half of 2024, including an overdue amount from a large state-owned enterprise, where the internal payment approval process caused a delay. As of December 31, 2025, trade receivables increased to RMB81.8 million, reflecting the ongoing sales growth. As of June 30, 2026, trade receivables increased to RMB92.6 million, consistent with revenue growth during the period.

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	60,489	72,466	86,841	97,256
Impairment.	—	(375)	(5,006)	(4,628)
Total	60,489	72,091	81,835	92,628

Aging analysis

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within a month	57,463	58,161	69,557	73,003
1 to 2 months.	3,026	827	11,975	15,033
2 to 3 months.	—	2,915	—	4,568
Over 3 months	—	10,188	303	24
Total	60,489	72,091	81,835	92,628

The majority of our trade receivables are within one month, reflecting the strong payment discipline of our customers. As of December 31, 2025, trade receivables within one month increased to RMB69.6 million, compared to RMB57.5 million as of December 31, 2023 and RMB58.2 million as of December 31, 2024, primarily due to the increase in our revenue in 2025, which was in line with higher sales of chips. As of June 30, 2026, trade receivables within one month further increased to RMB73.0 million, consistent with our revenue growth. The aging analysis also reveals that amounts outstanding between 1 to 2 months increased significantly as of December 31, 2025, reaching RMB12.0 million, primarily driven by higher sales to customers with credit terms of 1–2 months.

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Turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Trade receivables turnover days ⁽¹⁾	48	43	40	38

Note:

- (1) Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year/period, then multiplied by 360/180.

As of July 31, 2026, approximately RMB45.6 million, or 46.8%, of our trade receivables as of June 30, 2026, had been subsequently settled.

Prepayments, other receivables

Our prepayments and other receivables primarily consist of deposits, tax recoverable amounts, prepayments to suppliers, prepaid expenses, and minor receivables.

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Deposits	38	47	14	14
Other tax recoverable	450	171	45,084	6,174
Prepayments to suppliers	129,438	58,866	51,680	47,083
Prepaid expenses	358	195	939	191
Impairment allowance	—	—	1,989	2,109
Others	3	22	194	11
Non-current portion:				
Deposits	741	741	741	741
Prepayments	—	—	1,390	1,053
Total	131,028	60,042	102,031	57,376

Deposits

Deposits are minimal and primarily consist of rental deposits.

Other tax recoverable

Other tax recoverable primarily consists of input tax credits. As of December 31, 2025, other tax recoverable had increased significantly to RMB45.1 million, compared to RMB171 thousand at the end of 2024. This sharp increase was primarily driven by higher procurement activities to support increased inventory purchases in 2025. As of June 30, 2026, other tax recoverable decreased to RMB6.2 million, mainly attributable to export tax rebates received in early 2026 relating to goods exported towards the end of 2025.

FINANCIAL INFORMATION

Prepayments to suppliers

Prepayments to suppliers primarily consist of advance payments for semiconductor wafers, which is common industry practice. As of December 31, 2024, prepayments to suppliers had decreased to RMB58.9 million, compared to RMB129.4 million as of December 31, 2023, and further slightly decreased to RMB51.7 million as of December 31, 2025 and RMB47.1 million as of June 30, 2026. This reduction was primarily due to optimized wafer prepayment schedules based on production planning and inventory levels, which reduced our capital commitments. Additionally, prepaid wafer production capacity from prior years was gradually delivered in 2025, further lowering our prepayments.

Prepaid expenses

Our prepaid expenses are minimal and primarily consist of administrative-related prepayments, such as telecom services, medical examination fees, and short-term rent.

Other receivables

Other receivables are minimal and primarily consist of personal imprest funds.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss consist primarily of net-value wealth management products and other term deposits purchased from banks. The value of these financial assets grew from RMB644.0 million as of December 31, 2023 to RMB718.5 million as of December 31, 2024, before declining to RMB562.2 million as of December 31, 2025. In 2024, the growth was largely attributed to increased investments in wealth management products, including higher-value net-value products. However, the decrease as of December 31, 2025 was mainly due to a reduction in holdings as we liquidated some of these assets to meet operational and liquidity needs. As of December 31, 2025, the balance of financial assets at fair value through profit or loss was predominantly invested in net-value wealth management products, amounting to RMB562.2 million. It further increased to RMB768.8 million as of June 30, 2026. The wealth management products are classified as Risk Grade II (R2 - Lower to Moderate Risk) under the PRC asset management product risk grading system.

Our investment in wealth management products is intended to enhance the utilization of idle funds while prioritizing capital preservation and liquidity. Our capital planning team is responsible for evaluating proposed investments with reference to our overall cash position, working capital requirements and prevailing market conditions, and we manage the maturity profile of such products to align with our anticipated operational funding needs. Our counterparties are reputable financial institutions with sound credit standing. We have also established internal approval procedures for investments in wealth management products. On an annual basis, the proposed maximum balance of entrusted wealth management investments for the upcoming year is submitted to our Board or shareholders’ meeting for approval, and all investments are made within the approved cap. The implementation of individual investment arrangements is subject to approval by our chairman or his authorized delegate. Following [REDACTED], we will conduct any such investments in compliance with Chapter 14 of the Listing Rules, including applicable notification, announcement and shareholders’ approval requirements, where necessary.

FINANCIAL INFORMATION

Trade payables

Our trade payables primarily consist of amounts due to suppliers for wafer procurement, packaging services, and testing services.

As of December 31, 2024, trade payables decreased mainly due to a reduction in production. In late 2023 and early 2024, we accumulated more inventory to prepare for anticipated demand increases.

As of December 31, 2025, we experienced a significant increase in trade payables. This increase was driven by the expansion of our production capacity and the launch of new products. The rise in payables was primarily due to higher procurement volumes from our major suppliers, which were necessary to support the development of new products and meet the growing sales demand. As of June 30, 2026, trade payables increased to RMB41.5 million, consistent with substantially higher procurement volumes during the period.

Aging analysis

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	22,695	13,762	23,899	41,480

As of June 30, 2026, all of our trade payables were within a 3-month period. The majority of our payables are to suppliers for wafer procurement, packaging services, and testing services, with notable payables to two suppliers engaged in packaging services and a supplier involved in wafer procurement. We have not experienced any significant overdue trade payables during the Track Record Period.

Turnover days

The following table sets forth our trade payables turnover days during the Track Record Period.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Trade payables turnover days ⁽¹⁾	19	15	12	15

Note:

- (1) Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by cost of sales for the year/period, then multiplied by 360/180.

Our trade payables turnover days recorded a downward trend from 2023 to 2025, before rebounding slightly to 15 days as of June 30, 2026. This was mainly attributable to our ongoing efforts for trade payables management and settlement from 2023 to 2025 and more favorable payment terms negotiated with suppliers, resulting in an optimized payment schedule in the first half of 2026.

As of July 31, 2026, approximately RMB16.1 million, or 38.9%, of our trade payables as of June 30, 2026, had been subsequently settled.

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Other payables and accruals

The table below sets forth our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion:				
Contract liabilities	25,965	3,980	4,178	6,211
Sale of chips	2,287	1,230	3,946	6,041
License and service	23,678	2,750	232	170
Payroll and welfare payable	20,973	24,058	24,333	16,194
Other tax payables	3,477	4,218	4,981	2,914
Deferred income	40	—	22	22
Payable for [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	3,535	195	2,672	175
Non-current portion:				
Deferred income	—	—	66	55
Total	53,990	32,451	36,632	26,173

Contract liabilities

Contract liabilities represent amounts received in advance from customers for services to be rendered in the future. Contract liabilities amounted to RMB26.0 million, RMB4.0 million, RMB4.2 million and RMB6.2 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. The large amount of contract liabilities was recorded as of December 31, 2023 was mainly due to a large upfront payment from a customer for NRE services.

Payroll and welfare payables

Payroll and welfare payables consist mainly of accrued wages, social insurance, and housing provident fund contributions. As of December 31, 2023, 2024, 2025 and June 30, 2026, the payroll and welfare expenses amounted to RMB21.0 million, RMB24.1 million, RMB24.3 million and RMB16.2 million, respectively. The increase from 2023 to 2025 was driven by higher wage levels and increased headcount, along with higher social insurance and housing fund contribution bases. The decrease as of June 30, 2026 was primarily attributable to the recognition of only a half-year bonus accrual in the first half of 2026, compared with a full-year bonus accrual as of December 31, 2025.

Other taxes payables

Other taxes payable mainly consist of accrued tax liabilities, including individual income tax on wages and bonuses. As of December 31, 2025, the balance of other taxes payable increased to RMB5.0 million, compared to RMB4.2 million as of December 31, 2024 and RMB3.5 million as of December 31, 2023. The increase trend was primarily driven by the increase in wages and bonuses, which led to higher tax accruals. The balance as of June 30, 2026 amounted to RMB2.9 million, representing only individual income tax in respect of half-year bonus accrual, whereas the year-end balances covered individual income tax relating to the full-year bonus accrual.

Others

The balance of “Others” primarily includes miscellaneous items such as employee reimbursements and deposits.

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INDEBTEDNESS

As of July 31, 2026, being the most recent practicable date for this indebtedness statement, save as disclosed in this paragraph headed “Indebtedness” in this section, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. From July 31, 2026 up to the Latest Practicable Date, there was no material change in our indebtedness.

As of the Latest Practicable Date, our unutilized credit facilities amounted to approximately RMB114.7 million, of which approximately RMB94.7 million represented committed unutilized credit facilities. We also confirm that during the Track Record Period and up to the Latest Practicable Date, (i) our credit facilities were subject to the standard banking conditions and covenants, and there were no material covenants that impose a substantial limitation on our ability to obtain further banking facilities; (ii) we had no material default in repayments of our borrowings and with regard to covenants and/or breaches of the covenants under our credit facilities; (iii) we had not received any notice from any bank indicating that it might withdraw or downsize our facilities; (iv) we did not experience any difficulty in obtaining credit facilities and request for early repayments of our borrowings; and (v) we had no material external debt financing plans out of the ordinary course of our business.

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current					
Interest-bearing bank borrowings	—	7,439	65,004	38,857	46,060
Lease liabilities	2,396	2,528	2,726	2,217	2,149
Non-current					
Lease liabilities	5,082	2,573	19	2,954	2,784
Total	7,478	12,540	67,749	44,028	50,993

Interest-bearing bank borrowings

As of December 31, 2024, the total balance of our interest-bearing bank borrowings amounted to RMB7.4 million, which represented a new loan facility obtained during the year. The loan was drawn from a commercial bank to support working capital needs. This marked an increase from zero in 2023, with a short-term borrowings in 2023 that were fully repaid within the year. As of December 31, 2025, the total balance of our interest-bearing bank borrowings amounted to RMB65.0 million, due to additional borrowings from commercial banks, which were used to fund both working capital requirements and expansion efforts. As of June 30, 2026, the total balance of our interest-bearing bank borrowings decreased to RMB38.9 million.

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The table below sets forth our interest-bearing bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Bank overdrafts	—	7,439	65,004	14,334	46,060
Bank loans	—	—	—	24,523	—
Total	—	7,439	65,004	38,857	46,060

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Machinery	10,811	1,581	5,115	2,420
Office equipment and electronic devices	217	170	197	109
Leasehold improvements	186	—	—	—
Software	68	—	—	—
Total	11,282	1,751	5,312	2,529

CAPITAL COMMITMENTS

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property, plant and equipment	—	4,385	244	2,457
Total	—	4,385	244	2,457

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, please refer to Note 34 to the Accountants’ Report included in Appendix I to this document.

Our Directors believe that our transactions with the related parties during the Track Record were conducted in the normal course of business and on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

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OFF-BALANCE SHEET ARRANGEMENTS

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

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the periods indicated.

	Year ended/As of December 31,			Six months ended/As of June 30,
	2023	2024	2025	2026
Gross profit margin ⁽¹⁾	8.9%	22.3%	18.3%	7.8%
Net profit margin ⁽²⁾	(29.7%)	2.2%	(2.3%)	(9.4%)
Adjusted net profit/(loss) margin (non-IFRS measure) ⁽³⁾	(9.1%)	7.8%	1.8%	(8.4%)
Current ratio ⁽⁴⁾	11.9	17.1	0.7	0.7
Quick ratio ⁽⁵⁾	10.5	15.6	0.6	0.6
Debt to asset ratio ⁽⁶⁾	0.07	0.05	1.36	1.41

Note:

- (1) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (2) Net profit margin is calculated using net profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (3) Adjusted net profit/(loss) margin (non-IFRS measure) is calculated using adjusted net profit/(loss) (non-IFRS measure) for the year/period divided by revenue for the year/period and multiplied by 100%.
- (4) Current ratio is calculated by dividing total current assets by total current liabilities as of the dates indicated.
- (5) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the dates indicated.
- (6) Debt to asset ratio is calculated by dividing total liabilities by total assets as of the dates indicated.

FINANCIAL RISK MANAGEMENT

In the ordinary course of our business, we are exposed to various financial risks, including foreign currency risk, credit risk, and liquidity risk. Details of the risk to which we are exposed are set out in Note 37 to the Accountants’ Report included in Appendix I to this document.

DIVIDEND

No dividend had been paid or declared by us during the Track Record Period. There is no assurance that dividends of any amount will be declared or distributed in any year.

We do not currently have a formal, fixed dividend policy. However, our dividend distribution approach prioritizes providing reasonable returns to investors, while maintaining a balance with our long-term interests and sustainable growth. Pursuant to our Articles of Association and in accordance with the PRC Company Law (《中華人民共和國公司法》), our Board has adopted a general dividend policy, which will take effect after the [REDACTED]. Our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant.

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Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders’ approval. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations.

Pursuant to the provisions of the PRC Company Law, when a company distributes its after-tax profit for the year, ten percent of the profit should be set aside as its statutory surplus reserve fund. The company may no longer do so if its cumulative statutory surplus reserve accounts for more than fifty percent of its registered capital. If the company’s statutory surplus reserve is insufficient to make up for the losses of previous years, the company shall use the current year’s profit to make up for the losses before the set-aside of the statutory surplus reserve. After the company has set aside a part of its after-tax profit as its statutory surplus reserve, it may also set aside a part of its after-tax profit as its discretionary reserve. Distributions can be made to shareholders only after the remaining after-tax profit have made up for losses and the surplus reserve has been set aside. Our PRC Legal Advisers is of the opinion that, based on the foregoing provisions, the Company may not distribute dividends directly if it has accumulated losses.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any reserves available for distribution to our Shareholders.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For more details, please refer to “Unaudited [REDACTED] Financial Information” included in Appendix II to this document.

[REDACTED] EXPENSES

The total estimated [REDACTED] expenses in connection with the [REDACTED] are approximately HK\$[REDACTED], representing approximately [REDACTED]% of the [REDACTED] from the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and the [REDACTED] is not exercised, and of which approximately HK\$[REDACTED] is directly attributable to the [REDACTED] of the [REDACTED] which is expected to be accounted for as a deduction from equity upon the [REDACTED] in accordance with relevant accounting standards. The remaining estimated [REDACTED] expenses amount to approximately HK\$[REDACTED]. Such total estimated [REDACTED] expenses include (i) [REDACTED] expenses of HK\$[REDACTED]; (ii) fees and expenses of legal advisers and reporting accountant of HK\$[REDACTED]; and (iii) other fees and expenses of HK\$[REDACTED]. The [REDACTED] expenses above are the current estimate for reference only and the final amount to be recognized to our consolidated income statement is subject to audit and the then changes in variables and assumptions.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, save as disclosed in this document, there has been no material adverse change in our financial, operational or trading positions or prospects since June 30, 2026, being the end of the period reported on as set out in the Accountants’ Report included in Appendix I to this document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE HONG KONG LISTING RULES

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