The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in "Appendix I — Accountants' Report," together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make 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, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are the global leader pioneering 3D visual perception solutions. Through years of accumulation of proprietary technology and deep domain expertise, we are building the foundational perception gateway, data infrastructure, and commercialization platform to empower the upcoming era of Physical AI and robotic intelligence. We design, develop, and manufacture a comprehensive suite of 3D vision sensors and a diverse range of consumer-grade and industrial-grade application devices, serving customers across robotics, and other artificial intelligence of things ("**AIoT**"). In 2025, we ranked the first in the global robot 3D visual perception market in terms of revenue, with a market share of 29.0%.

As of June 30, 2026, we have served over 7,000 customers globally, including over 1,000 robotic companies, and collaborated with world-leading AI computing infrastructure providers to participate in their AI ecosystems.

During the Track Record Period, we achieved consistent revenue growth. Our revenue increased by 56.8% from RMB360.0 million in 2023 to RMB564.5 million in 2024, and further increased by 66.7% to RMB940.7 million in 2025. For the six months ended June 30, 2025 and 2026, we generated revenue of RMB435.5 million and RMB437.6 million, respectively. Our revenue was primarily derived from sales of sensors, and system-level devices and solutions during the Track Record Period. Our sensors business has demonstrated strong momentum: after a decline of 6.4% from RMB229.9 million in 2023 to RMB215.2 million in 2024 due to a decline in market demand for biometrics recognition-related sensors, revenue rebounded by 41.2% to RMB303.9 million in 2025, driven by rising market demand from the expanding robotics industry and the successful commercialization of our newly-launched high-end sensor products. For the six months ended June 30, 2025 and 2026, we generated revenue of RMB138.0 million and RMB206.9 million from sensors, respectively, representing a 50.0% increase, primarily due to our expanded customer base among robotics companies and increased market penetration in the robotics industry. Meanwhile, our system-level devices and solutions business grew from RMB118.5 million in 2023 to RMB339.0 million in 2024, primarily due to substantial orders for 3D-scanning and payment terminals, and further to RMB616.9 million in 2025, primarily due to continuous substantial orders for payment terminals, as well as higher sales volume of 3D scanning devices. In addition, our profitability improved substantially during the Track Record Period. Our net loss narrowed from RMB275.5 million in 2023 to RMB62.9 million in 2024, and then turned into a net profit of RMB127.6 million in 2025. For the six months ended June 30, 2025 and 2026, we recorded a net profit of RMB59.7 million and RMB40.8 million, respectively, demonstrating our ability to maintain profitability.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board. For the purpose of preparing our historical financial information, we have consistently adopted all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 2.2 to the Accountants' Report set out in Appendix I to this document.

Accounting estimates and assumptions are used in preparation of our historical financial information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 2.1 to the Accountants' Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Growth of Downstream Markets

Our downstream markets primarily fall into three categories: the robotic 3D visual perception market, the embodied intelligence data collection devices market, and the dedicated 3D application devices market. Our revenue growth is materially dependent on the development and adoption of these markets.

Robotic 3D visual perception market. Our sensors enable AI systems and intelligent devices to perceive, understand and interact with the physical world. The transition of AI from the digital world into the physical world is enabling robots to evolve from conventional devices performing repetitive tasks into intelligent agents capable of autonomous mobility, recognition, interaction and task execution. The commercialization of Physical AI requires large volumes of accurate real-world data and reliable perception hardware, increasing demand for visual sensors, perception modules and spatial-reconstruction solutions. Demand for our sensors — including our Gemini, Astra, Femto and Physis series products — is substantially driven by this shift. These sensors support functions including environment perception, spatial understanding, localization, navigation and human-machine interaction. According to Frost & Sullivan, the global robot 3D visual perception market increased from RMB0.2 billion in 2021 to RMB0.6 billion in 2025, representing a CAGR of 33.9%, and is expected to reach RMB11.7 billion by 2030 and RMB152.0 billion by 2035, driven by scaled deployment of embodied intelligence robots and a broader range of application scenarios.

Embodied intelligence data collection devices market. As Physical AI advances from technical verification toward model training and product development, the importance of authentic multi-modal real-world data capturing dynamic physical interactions continues to increase. We address this need through our data collection devices such as EGO, UMI and WristCam, and multi-modal data collection platforms, which capture vision, depth, motion trajectory and interaction feedback to support embodied intelligence model training and skill learning. According to Frost & Sullivan, the global embodied intelligence data collection device market increased from approximately RMB0.1 billion in 2023 to approximately RMB1.7 billion in 2025, representing a CAGR of 406.0%, and is expected to reach approximately RMB56.3 billion by 2030 and approximately RMB404.9 billion by 2035. Robot commercialization, continuous model iteration and increasingly routine real-world data collection are expected to jointly support sustained market growth.

Dedicated 3D application devices market. Dedicated 3D application devices refer to devices primarily used for 3D-related applications and specifically designed for particular application scenarios. Our products include consumer-grade devices such as our 3D scanners and 3D biometrics recognition payment terminals, as well as industrial-grade devices. Dedicated consumer-grade 3D application devices are primarily designed for individual and commercial consumer scenarios, with the collection, recognition and application of 3D information relating to humans, objects and spaces as their core functions. Dedicated industrial-grade 3D application devices are primarily used in industrial production and automation scenarios, with 3D information collection, inspection, measurement and positioning as their core functions. According to Frost & Sullivan, the global dedicated 3D application device market increased from approximately RMB5.4 billion in 2021 to approximately RMB8.1 billion in 2025, representing a CAGR of 10.7%, and is expected to reach approximately RMB13.0 billion by 2030 and RMB19.5 billion by 2035. For details, please see "Industry Overview."

Our Ability to Enrich Our Product and Solution Portfolio

Leveraging our R&D capabilities spanning optical design, chip design, algorithm development, system design, software development, and engineering and mass production, we have established a comprehensive product and solution portfolio. Our sensors, including our Gemini, Astra, Femto and Physis series products, are installed onto customers' devices and robots for applications across AIoT and biometric identification. Our system-level devices and solutions include consumer-grade and industrial-grade 3D scanners, biometrics recognition payment terminals, data collection devices and robotic solutions. Our platform-based R&D model allows mature modules to be reused and adapted to new customer requirements, shortening development cycles from over seven months to approximately three months. Our revenue increased by 56.8% from RMB360.0 million in 2023 to RMB564.5 million in 2024, and further by 66.7% to RMB940.7 million in 2025. For the six months ended June 30, 2025 and 2026, we generated revenue of RMB435.5 million and RMB437.6 million, respectively.

The industries we operate in are characterized by rapid technological development, evolving standards, expanding downstream applications and changing customer requirements. Our ability to maintain and grow revenue depends substantially on continued development and iteration of new products. We intend to continue enriching our portfolio across multiple dimensions: in sensors, we plan to continue developing our Gemini, Astra, Femto and Physis series products, and area-array and multi-line LiDAR products; in system-level devices and solutions, we intend to expand into higher-precision industrial-grade and more compact consumer-grade 3D scanners, and develop data collection devices targeting embodied intelligence and world-model applications including data collection devices such as EGO, UMI, and WristCam, as well as embodied system-level solutions.

To support product and solution development, we have made and expect to continue to make substantial R&D investments. During the Track Record Period, our R&D expenses amounted to RMB300.8 million, RMB204.3 million, RMB202.5 million, RMB91.2 million and RMB111.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 59.6%, 52.9%, 54.5%, 53.1% and 54.3% of our total operating expenses for the corresponding periods. There can be no assurance that our R&D efforts will achieve the intended results within the anticipated timeframe, or at all. See "Risk Factors — Risks Relating to Our Business and Industry — If we fail to develop and launch new products and solutions that meet customer requirements and achieve market acceptance in a timely and cost-effective manner, our business, financial condition and results of operations could be materially and adversely affected."

Our Ability to Deepen Relationships with Existing Customers, Expand Our Customer Base and Grow in International Markets

Our revenue growth and profitability are directly affected by our ability to maintain and deepen relationships with existing customers and expand our customer base over time. We have established relationships with customers in the robotics and various intelligent terminal device sectors. Our ability to retain existing customers, obtain additional orders and expand our customer base will continue to affect our revenue growth, operating performance and financial condition.

We historically derived a substantial portion of our revenue from sales in the Chinese Mainland, while building our overseas presence across the U.S., Asia Pacific and Europe. During the Track Record Period, our overseas revenue increased from RMB38.6 million in 2023 to RMB86.7 million in 2025, and from RMB34.3 million for the six months ended June 30, 2025 to RMB67.3 million for the six months ended June 30, 2026. Our future growth depends in part on our ability to deepen our commercial and technical service networks in key international markets and accelerate the replication of our products overseas. Expanded global reach will require continued investment and may expose us to additional foreign currency risk, international taxes and tariffs, and operational challenges. See "Risk Factors — Risks Relating to Our Business and Industry — Our international expansion exposes us to regulatory, economic, political, operational and cultural risks."

Our Ability to Improve Operating Efficiency and Achieve Economies of Scale

Our ability to improve profitability depends in part on whether revenue growth can outpace operating expenses and on our ability to manage costs efficiently as our business expands. Our operating expenses primarily comprise research and development expenses, selling and marketing expenses and general and administrative expenses.

During the Track Record Period, we achieved substantial improvement in operational efficiency through targeted structural optimization within our R&D and administrative teams. Our administrative expenses decreased from RMB134.8 million in 2023 to RMB100.2 million in 2025, and our R&D expenses decreased from RMB300.8 million to RMB202.5 million over the same period. For the six months ended June 30, 2025 and 2026, our administrative expenses increased from RMB47.6 million to RMB56.8 million, and our R&D expenses increased from RMB91.2 million to RMB111.4 million, as we increased remuneration for R&D and administrative teams to retain core talents. Our selling and marketing expenses remained relatively stable at RMB68.8 million, RMB73.4 million, RMB69.1 million, RMB32.9 million and RMB37.1 million, representing 19.1%, 13.0%, 7.3%, 7.6% and 8.5% of revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our financial performance is also affected by our ability to scale manufacturing efficiently. Phase I of our intelligent manufacturing base in Shunde, Foshan commenced operations in 2024 and supports million-unit-scale production of visual sensors and related application devices. We are also developing our first overseas manufacturing base in Vietnam to support international delivery, enhance supply-chain resilience, and meet customers' localized sourcing requirements. Our products require precision manufacturing integrating complex optical systems, depth-engine chips, firmware and algorithms. These manufacturing improvements contributed to our profitability improvement during the Track Record Period.

As our business expands, operating expenses are expected to increase. Our results of operations will therefore depend in part on our ability to improve operating efficiency and achieve economies of scale. We seek to do so through disciplined cost management, efficient allocation of R&D resources, improved supply chain coordination and continued development of our internal management systems.

MATERIAL AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. The preparation of our consolidated financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Our material accounting policies and significant accounting judgments and estimates are set forth in detail in Note 2.3 to the Accountants' Report set out in Appendix I to this document.

OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Revenue	**360,006**	**100.0**	**564,459**	**100.0**	**940,744**	**100.0**	**435,469**	**100.0**	**437,606**	**100.0**
Cost of sales	(214,132)	(59.5)	(344,751)	(61.1)	(547,537)	(58.2)	(260,079)	(59.7)	(234,844)	(53.7)
Gross profit	**145,874**	**40.5**	**219,708**	**38.9**	**393,207**	**41.8**	**175,390**	**40.3**	**202,762**	**46.3**
Other income and gains	99,131	27.5	115,630	20.5	105,126	11.2	49,124	11.3	45,885	10.5
Selling and marketing expenses	(68,803)	(19.1)	(73,440)	(13.0)	(69,112)	(7.3)	(32,935)	(7.6)	(37,099)	(8.5)
Administrative expenses	(134,833)	(37.5)	(108,854)	(19.3)	(100,247)	(10.7)	(47,619)	(10.9)	(56,785)	(13.0)
Research and development expenses	(300,810)	(83.6)	(204,335)	(36.2)	(202,534)	(21.5)	(91,181)	(20.9)	(111,393)	(25.5)
Reversal of impairment loss/(impairment loss) on financial assets, net	2,231	0.6	(1,265)	(0.2)	(1,276)	(0.1)	618	0.1	(470)	(0.1)
Other expenses	(7,527)	(2.1)	(10,128)	(1.8)	(4,629)	(0.5)	(603)	(0.1)	(2,921)	(0.7)
Finance costs	(4,391)	(1.2)	(3,707)	(0.7)	(2,551)	(0.3)	(1,578)	(0.4)	(708)	(0.2)
Share of profits and losses of associates	261	0.1	971	0.2	843	0.1	641	0.1	28	0.0
Profits/(loss) before tax	**(268,867)**	**(74.7)**	**(65,420)**	**(11.6)**	**118,827**	**12.6**	**51,857**	**11.9**	**39,299**	**9.0**
Income tax (expense) /credit	(6,677)	(1.9)	2,521	0.4	8,794	0.9	7,816	1.8	1,487	0.3
Profit/(loss) for the year/ period	**(275,544)**	**(76.5)**	**(62,899)**	**(11.1)**	**127,621**	**13.6**	**59,673**	**13.7**	**40,786**	**9.3**

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit/(loss) (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of items.

We believe this measure provides 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 this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an 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 share-based payment expenses. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net profit/(loss) (non-IFRS measure) for the periods presented with the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net profit/(loss) for the year/period:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(unaudited)	
Reconciliation of net profit/(loss) to adjusted net profit/(loss) (non-IFRS measure):					
Net profit/(loss)	(275,544)	(62,899)	127,621	59,673	40,786
Add:					
– Share-based payment expenses[(1)]	67,426	34,181	15,555	11,050	8,083
Adjusted net profit/(loss) (non-IFRS measure)	**(208,118)**	**(28,718)**	**143,176**	**70,723**	**48,869**

Notes:

(1) Share-based payment expenses are non-cash in nature, before tax, and represent the arrangement under which we receive services from employees as consideration for our equity instruments. Share-based payment expenses are not expected to result in future cash payments.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS

Revenue

Revenue by Product Segment

During the Track Record Period, we primarily generated revenue from (i) sensors, which are primarily sophisticated hardware devices capable of capturing spatial information, depth data, and environmental geometry, and are installed into customers' devices, (ii) system-level devices and solutions, which are complete, ready-to-deploy products primarily including payment terminals, consumer and industrial-grade 3D scanners, and other integrated devices, and (iii) services and others, which primarily consists of our robotics OEM services and R&D services in relation to 3D visual perception technology. We recognize revenue when control of goods or services transfers to our customers, at the amount we expect to receive in exchange. The following table sets forth the breakdown of our revenue by business segment, in absolute amounts and as percentages of total revenue, for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Sensors	229,867	63.9	215,170	38.1	303,889	32.3	138,004	31.7	206,946	47.3
System-level devices and solutions	118,513	32.9	339,037	60.1	616,897	65.6	289,664	66.5	202,547	46.3
Services and others	11,626	3.2	10,252	1.8	19,958	2.1	7,801	1.8	28,113	6.4
Total	**360,006**	**100.0**	**564,459**	**100.0**	**940,744**	**100.0**	**435,469**	**100.0**	**437,606**	**100.0**

The following table sets forth sales volume and average selling prices of our major categories of products during the Track Record Period.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Sales volume (in thousands)	*Average selling price (RMB per unit)*	*Sales volume (in thousands)*	*Average selling price (RMB per unit)*	*Sales volume (in thousands)*	*Average selling price (RMB per unit)*	*Sales volume (in thousands)*	*Average selling price (RMB per unit)*	*Sales volume (in thousands)*	*Average selling price (RMB per unit)*
Sensors	846	272	838	257	945	322	348	397	545	380
System-level devices and solutions	70	1,702	303	1,120	1,290	478	540	537	213	950

The sales volume of sensors remained relatively stable at approximately 846 thousand units in 2023 and 838 thousand units in 2024, while the average selling price decreased from RMB272 per unit in 2023 to RMB257 per unit in 2024, primarily due to higher proportion of lower-priced sensors for payment terminals in our sales mix. In 2025, our sales volume and average selling price of sensors increased to 945 thousand units and RMB322 per unit, respectively, primarily attributable to rising market demand from the expanding robotics industry and the successful commercialization of our newly-launched high-end sensor products, which carry higher average selling prices. For the six months ended June 30, 2026, the sales volume of sensors increased to 545 thousand units from 348 thousand units for the six months ended June 30, 2025, primarily driven by the growth of our customer base among robotics companies, while the average selling price slightly decreased from RMB397 per unit to RMB380 per unit, primarily due to variations in product mix.

The sales volume of system-level devices and solutions increased from 70 thousand units in 2023 to 303 thousand units in 2024, primarily driven by substantial orders for 3D-scanning and payment terminals, while the average selling price decreased from RMB1,702 per unit to RMB1,120 per unit over the same period, primarily due to higher proportion of lower-priced payment terminals in our sales mix. In 2025, sales volume further surged to 1,290 thousand units, primarily due to continuous substantial orders for payment terminals as well as higher sales volume of 3D scanning devices, while the average selling price further decreased to RMB478 per unit, primarily due to the higher proportion of lower-priced payment terminals in our sales mix. For the six months ended June 30, 2026, the sales volume of system-level devices and solutions decreased to 213 thousand units from 540 thousand units for the six months ended June 30, 2025, primarily due to a decline in domestic market demand for the implementation of payment terminals, while the average selling price increased from RMB537 per unit to RMB950 per unit, primarily attributable to a shift in our product mix from lower-priced payment terminals toward higher-priced products, such as 3D scanning devices.

Revenue by Geographical Location

We primarily generated revenue from our domestic sales, while overseas sales have achieved consistent growth during the Track Record Period. The following table sets forth the breakdown of our revenue by geographical location, in absolute amounts and as percentages of total revenue, for the years/periods indicated. The geographic location of customers is based on the location at which the goods are delivered. Our revenue from overseas sales continued to increase during the Track Record Period as we deepen our commercial and technical service networks in key international markets and accelerate the overseas launch of our products.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Chinese Mainland	321,406	89.3	504,197	89.3	854,022	90.8	401,127	92.1	370,319	84.6
Other countries or regions[(1)]	38,600	10.7	60,262	10.7	86,722	9.2	34,342	7.9	67,287	15.4
Total	**360,006**	**100.0**	**564,459**	**100.0**	**940,744**	**100.0**	**435,469**	**100.0**	**437,606**	**100.0**

Note:

(1) Primarily include the U.S., Asia Pacific and Europe.

Revenue by Sales Channel

During the Track Record Period, we primarily marketed our products through direct sales. Our revenue generated from sales via the distribution model increased from RMB4.8 million in 2023 to RMB16.4 million in 2024, and further to RMB37.9 million in 2025, primarily due to our investment in channel development and the engagement of globally-leading sensor distributors. For the six months ended June 30, 2025 and 2026, our sales from the distribution model increased from RMB14.2 million to RMB34.3 million, primarily attributable to a series of new product launches that drove our distributors to purchase more product lines. The table below sets out a breakdown of our revenue in both absolute amount and percentage of our total revenue by sales channel for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Direct Sales	355,247	98.7	548,065	97.1	902,880	96.0	421,309	96.7	403,336	92.2
Distribution	4,759	1.3	16,394	2.9	37,864	4.0	14,160	3.3	34,270	7.8
Total	**360,006**	**100.0**	**564,459**	**100.0**	**940,744**	**100.0**	**435,469**	**100.0**	**437,606**	**100.0**

Cost of Sales

During the Track Record Period, our cost of sales mainly consisted of (i) material costs, (ii) manufacturing expenses and (iii) direct labor costs. The following table sets forth the breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Material costs	170,752	79.7	298,298	86.5	463,505	84.7	218,772	84.1	204,127	87.0
Manufacturing expenses	35,498	16.6	38,578	11.2	60,811	11.1	31,628	12.2	17,952	7.6
Direct labor costs	7,882	3.7	7,875	2.3	23,221	4.2	9,679	3.7	12,765	5.4
Total	**214,132**	**100.0**	**344,751**	**100.0**	**547,537**	**100.0**	**260,079**	**100.0**	**234,844**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit margin represents our gross profit as a percentage of our revenue. The following table sets forth our gross profit and gross profit margin by business segment, for the years/periods indicated.

	For the year ended December 31,						For the 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 in thousands, except for percentages)									
							(unaudited)			
Sensors	89,030	38.7	89,146	41.4	157,559	51.8	72,700	52.7	114,887	55.5
System-level devices and solutions	55,443	46.8	125,771	37.1	224,680	36.4	98,959	34.2	83,572	41.3
Services and others	1,401	12.1	4,791	46.7	10,968	55.0	3,731	47.8	4,303	15.3
Total	**145,874**	**40.5**	**219,708**	**38.9**	**393,207**	**41.8**	**175,390**	**40.3**	**202,762**	**46.3**

Other Income and Gains

Our other income and gains primarily consisted of (i) interest income, primarily representing interests from certificates of deposit and, (ii) investment income, primarily representing gains from wealth management products and structured deposit, (iii) government grants in form of project subsidies and software VAT refunds, most of which are non-recurring in nature, (iv) net foreign exchange gains, (v) gains on disposal of non-current assets, (vi) net fair value gains on financial assets at FVTPL. The following table sets forth the breakdown of our other income and gains for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Other income										
Interest income	25,365	25.6	39,924	34.5	10,378	9.9	5,220	10.6	16,053	35.0
Investment income	28,768	29.0	36,072	31.2	35,508	33.8	17,892	36.4	13,912	30.3
Government grants	42,066	42.4	37,245	32.2	55,671	53.0	25,475	51.9	14,845	32.4
Others	20	0.0	1,892	1.6	938	0.8	67	0.1	4	0.0
Total other income	**96,219**	**97.0**	**115,133**	**99.5**	**102,495**	**97.5**	**48,654**	**99.0**	**44,814**	**97.7**
Gains										
Foreign exchange gains, net	944	1.0	208	0.2	–	–	–	–	–	–
Gains on disposal of property, plant and equipment	224	0.2	200	0.2	109	0.1	–	–	–	–
Gains on lease termination	1,744	1.8	–	–	–	–	–	–	34	0.1
Fair value gains on financial assets at FVTPL, net	–	–	89	0.1	2,522	2.4	470	1.0	1,037	2.2
Total gains	**2,912**	**3.0**	**497**	**0.5**	**2,631**	**2.5**	**470**	**1.0**	**1,071**	**2.3**
Total	**99,131**	**100.0**	**115,630**	**100.0**	**105,126**	**100.0**	**49,124**	**100.0**	**45,885**	**100.0**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) employee expenses for employees involved in selling and marketing functions, (ii) advertising and promotion expenses, primarily including expenses in connection with advertising, exhibitions and marketing channels, (iii) business and travel expenses, primarily relating to travel and business entertainment incurred for our sales activities, (iv) share-based payment expenses arising from the grant of share awards to our sales team, and (v) depreciation and amortization. The following table sets forth the breakdown of our selling and marketing expenses, in absolute amounts and as percentages of total selling and marketing expenses, for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee expenses	40,605	59.0	49,739	67.7	49,301	71.3	24,198	73.5	28,143	75.9
Advertising and promotion expenses	9,488	13.8	6,735	9.2	9,341	13.5	3,322	10.1	4,246	11.4
Business and travel expenses	6,351	9.2	3,651	5.0	4,159	6.0	1,817	5.5	1,933	5.2
Share-based payment expenses	7,595	11.0	7,240	9.9	2,518	3.6	1,920	5.8	1,453	3.9
Depreciation and amortization	2,547	3.7	2,628	3.6	1,915	2.8	987	3.0	720	1.9
Others[(1)]	2,217	3.3	3,447	4.6	1,878	2.8	691	2.1	604	1.7
Total	**68,803**	**100.0**	**73,440**	**100.0**	**69,112**	**100.0**	**32,935**	**100.0**	**37,099**	**100.0**

Note:

(1) Primarily in connection with expenses incurred for our sales activities, including office-related expenses, freight and handling charges, communication fees.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee expenses for employees performing administrative functions, (ii) depreciation and amortization, (iii) share-based payment expenses arising from the grant of share awards to our senior management and administration personnel, (iv) professional service fees in connection with A shares regulatory compliance requirements, (v) tax and surcharge, primarily including VAT surcharges, (vi) business and travel expenses, primarily in connection with travel and business events incurred for administrative activities, and (vii) rental and property management fees within one year. The following table sets forth the breakdown of our general and administrative expenses, in absolute amounts and as percentages of total general and administrative expenses, for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee expenses	81,088	60.1	65,208	59.9	51,585	51.5	26,525	55.7	29,220	51.5
Depreciation and amortization	12,303	9.1	15,422	14.2	16,659	16.6	6,781	14.2	9,063	16.0
Share-based payment expenses	18,111	13.4	8,245	7.6	5,243	5.2	4,207	8.8	4,103	7.2
Professional services fees	3,222	2.4	2,712	2.4	5,077	5.1	2,482	5.2	4,178	7.3
Tax and surcharge	2,422	1.8	3,340	3.1	7,391	7.4	2,360	5.0	3,137	5.5
Business and travel expenses	4,433	3.3	3,546	3.3	2,686	2.7	1,103	2.3	1,647	2.9
Rental and property management fees	4,607	3.4	3,853	3.5	4,750	4.7	1,896	4.0	1,599	2.8
Others[(1)]	8,647	6.5	6,528	6.0	6,856	6.8	2,265	4.8	3,838	6.8
Total	**134,833**	**100.0**	**108,854**	**100.0**	**100,247**	**100.0**	**47,619**	**100.0**	**56,785**	**100.0**

Note:

(1) Other administrative expenses, including office supplies, freight and handling charges and communication fees.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee expenses for our R&D employees, (ii) depreciation and amortization, (iii) raw material expenses in relation to our consumables used in our routine R&D activities, (iv) share-based payment expenses representing the grant of share awards to our R&D employees, (v) professional services fees primarily relating to testing and certification, outsourced technical development and design services, and IP application. The following table sets forth the breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee expenses	195,740	65.1	137,029	67.1	156,041	77.0	67,048	73.5	89,759	80.6
Depreciation and amortization	33,565	11.2	24,255	11.9	19,197	9.5	11,058	12.1	7,865	7.1
Raw material expenses	12,825	4.3	11,360	5.6	11,080	5.5	4,565	5.0	7,306	6.6
Share-based payment expenses	41,027	13.6	18,304	9.0	7,699	3.8	4,857	5.3	2,494	2.2
Professional services fees	10,011	3.3	6,197	3.0	3,635	1.8	1,339	1.5	1,773	1.6
Others[(1)]	7,642	2.5	7,190	3.4	4,882	2.4	2,314	2.6	2,196	1.9
Total	**300,810**	**100.0**	**204,335**	**100.0**	**202,534**	**100.0**	**91,181**	**100.0**	**111,393**	**100.0**

Note:

(1) Other R&D expenses, including office supplies, freight and handling charges, communication fees and rental and property management fees.

Reversal of Impairment Loss/(Impairment Loss) on Financial Assets, Net

In 2023, we recorded reversal of impairment loss on financial assets of RMB2.2 million. In 2024 and 2025, we recorded impairment loss on financial assets of RMB1.3 million and RMB1.3 million, respectively. For the six months ended June 30, 2025 and 2026, we recorded a reversal of impairment loss on financial assets of RMB0.6 million, and impairment loss on financial assets of RMB0.5 million, respectively.

Other Expenses

Our other expenses primarily consisted of gains or losses arising from changes in fair value, foreign exchange losses and expenses arising outside the ordinary course of business. We recorded other expenses of RMB7.5 million, RMB10.1 million, RMB4.6 million, RMB0.6 million and RMB2.9 million in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively.

Finance Costs

Our finance costs primarily represented interest expenses on bank borrowings and lease liabilities. The following table sets forth the breakdown of our finance costs for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(unaudited)	
Interest on interest-bearing bank borrowings	2,584	3,000	2,512	1,555	645
Interest on lease liabilities	1,807	707	39	23	63
Total	**4,391**	**3,707**	**2,551**	**1,578**	**708**

Share of profits and losses of associates

Our share of profits and losses of associates primarily reflected our investments in Shanghai Green Leaf (上海綠葉) and Hangzhou Shanyi (杭州山易). Shanghai Green Leaf is a media and educational services company, in which we hold a 49% equity interest as a strategic investment to promote educational solutions. Hangzhou Shanyi (杭州山易) is a company specializing in intelligent lawn mower design, core component research and development, and sales, in which we hold a 34% equity interest as a strategic investment to strengthen our downstream business collaboration. Shanghai Yuemian (上海閱面), a 21.11%-owned associate, focuses on visual recognition software and hardware solutions. We recorded share of profits of associates of RMB0.3 million, RMB1.0 million, RMB0.8 million, RMB0.6 million and RMB28 thousand in 2023, 2024 and 2025, and for the six months ended June 30, 2025 and 2026, respectively.

Income Tax (Expense)/Credit

Our income tax (expense)/credit primarily consisted of current income tax and deferred income tax. In 2023, we recorded income tax expense of RMB6.7 million. In 2024 and 2025, and for the six months ended June 30, 2025 and 2026, we recorded income tax credit of RMB2.5 million, RMB8.8 million, RMB7.8 million and RMB1.5 million, respectively. We are subject to varying tax rates in different jurisdictions. For details of the applicable tax rates in the jurisdictions in which we are domiciled and operate, see Note 10 to the Accountants' Report set out in Appendix I to this document.

Chinese Mainland

In accordance with the Enterprise Income Tax Law ("**EIT Law**"), foreign-invested enterprises ("**FIEs**") and domestic companies established in Chinese Mainland are subject to enterprise income tax ("**EIT**") at a rate of 25%. In addition, certain of our subsidiaries benefit from a preferential tax rate of 15% under the EIT Law as they qualify as "High and New Technology Enterprises" under the relevant regulations.

Hong Kong

Our subsidiary in Hong Kong is subject to Hong Kong profits tax at a rate of 8.25% on the first HK$2.0 million of assessable profits and 16.5% on assessable profit above that amount during the Track Record Period.

U.S.

Our subsidiary in the U.S. is subject to a state income tax rate of 6% and a total income tax rate of 27% during the Track Record Period.

Singapore

Our subsidiaries in Singapore are subject to Singapore tax rate of 4.25% on the first $100,000 of assessable profits, 8.25% on $100,000 to $290,000 of assessable profits and 17% on the remaining assessable profits.

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

Loss/Profit for the Year/Period

As a result of the foregoing, our net loss amounted to RMB275.5 million and RMB62.9 million in 2023 and 2024. Our net profit amounted to RMB127.6 million, RMB59.7 million and RMB40.8 million in 2025 and for the six months ended June 30, 2025 and 2026, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2026 Compared to Six months ended June 30, 2025

Revenue

Our revenue increased slightly from RMB435.5 million for the six months ended June 30, 2025 to RMB437.6 million for the six months ended June 30, 2026, primarily because the increase in revenue from sensors and services and others more than offset the decrease in revenue from system-level devices and solutions. Specifically,

(i) our revenue from sensors increased by 50.0% from RMB138.0 million for the six months ended June 30, 2025 to RMB206.9 million for the six months ended June 30, 2026, primarily due to higher sales volume driven by our expanded customer base among robotics companies and increased market penetration in the robotics industry;

(ii) our revenue from system-level devices and solutions decreased by 30.1% from RMB289.7 million for the six months ended June 30, 2025 to RMB202.5 million for the six months ended June 30, 2026, primarily due to a reduction in orders for payment terminals, as a decline in domestic market demand for the implementation of payment terminals; and

(iii) our revenue from services and others increased from RMB7.8 million for the six months ended June 30, 2025 to RMB28.1 million for the six months ended June 30, 2026, primarily due to higher revenue generated from robotics OEM services.

Cost of Sales

Our cost of sales decreased by 9.7% from RMB260.1 million for the six months ended June 30, 2025 to RMB234.8 million for the six months ended June 30, 2026, primarily due to lower related cost for payment terminals as orders for such products reduced.

Gross Profit and Gross Profit Margin

Our overall gross profit margin increased from 40.3% for the six months ended June 30, 2025 to 46.3% for the six months ended June 30, 2026, primarily driven by a shift in our sales mix, as revenue contribution from higher-margin sensors increased. Specifically,

(i) the gross profit margin of sensors increased from 52.7% to 55.5% over the same periods, primarily due to higher sales volume of our high-margin products amid the growth of the robotics industry;

(ii) the gross profit margin of system-level devices and solutions increased from 34.2% to 41.3% over the same periods, primarily attributable to a higher proportion of 3D scanning devices, which carry higher margins, and a decrease in lower-margin payment terminals in our sales mix; and

(iii) the gross profit margin of services and others decreased from 47.8% to 15.3% over the same periods, primarily attributable to a shift in revenue mix toward robotics OEM services, which carry a lower gross profit margin compared to other revenues.

Other Income and Gains

Our other income and gains decreased by 6.6% from RMB49.1 million for the six months ended June 30, 2025 to RMB45.9 million for the six months ended June 30, 2026, primarily due to one-off government grant recognized in the first half of 2025 that was not received in the corresponding period of 2026, and lower investment income; partially offset by higher interest income.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 12.6% from RMB32.9 million for the six months ended June 30, 2025 to RMB37.1 million for the six months ended June 30, 2026, primarily due to the expansion of our overseas and domestic sales teams to support our growing business operations.

Administrative Expenses

Our administrative expenses increased by 19.2% from RMB47.6 million for the six months ended June 30, 2025 to RMB56.8 million for the six months ended June 30, 2026, primarily due to the expansion of our administrative team to support our growing business operations as well as increased depreciation and amortization expenses in connection with administrative office buildings.

Research and Development Expenses

Our research and development expenses increased by 22.2% from RMB91.2 million for the six months ended June 30, 2025 to RMB111.4 million for the six months ended June 30, 2026, primarily due to the expansion of our R&D team, as well as higher raw material costs incurred in research activities.

Reversal of Impairment Loss/(Impairment Loss) on Financial Assets, net

Our reversal of impairment loss on financial assets was RMB0.6 million for the six months ended June 30, 2025, and our impairment loss on financial assets were RMB0.5 million for the six months ended June 30, 2026, primarily due to an increase in the trade receivables base in line with our revenue growth, which led to higher expected credit loss provisions under the expected credit loss model.

Other Expenses

Our other expenses increased from RMB0.6 million for the six months ended June 30, 2025 to RMB2.9 million for the six months ended June 30, 2026, primarily due to the appreciation of the Renminbi against the US dollar.

Finance Costs

Our finance costs decreased from RMB1.6 million for the six months ended June 30, 2025 to RMB0.7 million for the six months ended June 30, 2026, primarily due to lower borrowing balances and reduced interest rates in the first half of 2026.

Share of Profits of Associates

Our share of profits of associates decreased from RMB0.6 million for the six months ended June 30, 2025 to RMB28 thousand for the six months ended June 30, 2026, primarily due to the weaker operating performance of Hangzhou Shanyi.

Income Tax Credit

Our income tax credit decreased from RMB7.8 million for the six months ended June 30, 2025 to RMB1.5 million for the six months ended June 30, 2026, primarily due to a higher amount of previously unrecognized deductible temporary differences and tax losses recognized in the first half of 2025, as a result of improved profitability expectations at that time, compared to a lower amount recognized in the corresponding period of 2026.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by 31.7% from RMB59.7 million for the six months ended June 30, 2025 to RMB40.8 million for the six months ended June 30, 2026.

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

Revenue

Our revenue increased by 66.7% from RMB564.5 million for the year ended December 31, 2024 to RMB940.7 million for the year ended December 31, 2025, primarily deriving from the increase in system-level devices and solutions. Specifically,

(i) our revenue from sensors increased by 41.2% from RMB215.2 million for the year ended December 31, 2024 to RMB303.9 million for the year ended December 31, 2025, primarily due to rising market demand from the expanding robotics industry and the successful commercialization of our newly-launched high-end sensor products;

(ii) our revenue from system-level devices and solutions increased by 82.0% from RMB339.0 million for the year ended December 31, 2024 to RMB616.9 million for the year ended December 31, 2025, primarily due to continuous substantial orders for payment terminals, as well as higher sales volume of 3D scanning devices; and

(iii) our revenue from services and others increased by 94.2% from RMB10.3 million for the year ended December 31, 2024 to RMB20.0 million for the year ended December 31, 2025, primarily due to higher revenue generated from our R&D services.

Cost of Sales

Our cost of sales increased by 58.8% from RMB344.8 million for the year ended December 31, 2024 to RMB547.5 million for the year ended December 31, 2025, which was in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 79.0% from RMB219.7 million for the year ended December 31, 2024 to RMB393.2 million for the year ended December 31, 2025. Our overall gross profit margin increased from 38.9% for the year ended December 31, 2024 to 41.8% for the year ended December 31, 2025, specifically,

(i) the gross profit margin of sensors increased from 41.4% in 2024 to 51.8% in 2025, primarily due to our newly-launched high-end sensor products with higher gross profit margin and higher sales volumes resulting from increased market demand for such products;

(ii) the gross profit margin of system-level devices and solutions decreased from 37.1% in 2024 to 36.4% in 2025, primarily attributable to higher sales volume of payment terminals with relatively low gross profit margin; and

(iii) the gross profit margin of services and others increased from 46.7% in 2024 to 55.0% in 2025, primarily due to a higher proportion of revenue from R&D services, which carry a higher gross profit margin.

Other Income and Gains

Our other income and gains decreased by 9.1% from RMB115.6 million for the year ended December 31, 2024 to RMB105.1 million for the year ended December 31, 2025, primarily due to the interest income recognized upon the redemption of certificates of deposit, partially offset by higher government grants arising from increased software value-added tax refunds.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 5.9% from RMB73.4 million for the year ended December 31, 2024 to RMB69.1 million for the year ended December 31, 2025, primarily due to lower share-based payments.

Administrative Expenses

Our administrative expenses decreased by 7.9% from RMB108.9 million for the year ended December 31, 2024 to RMB100.2 million for the year ended December 31, 2025, primarily due to the completion of workforce optimization, which resulted in one-off severance payments in 2024, and a leaner administrative team in 2025 following such optimization, as well as lower share-based payments.

Research and Development Expenses

Our research and development expenses decreased by 0.9% from RMB204.3 million for the year ended December 31, 2024 to RMB202.5 million for the year ended December 31, 2025, primarily due to lower share-based payments.

Impairment Loss on Financial Assets, net

Our net impairment loss on financial assets remained stable at RMB1.3 million for the year ended December 31, 2024 and 2025.

Other Expenses

Our other expenses decreased from RMB10.1 million for the year ended December 31, 2024 to RMB4.6 million for the year ended December 31, 2025, primarily due to a one-off asset disposal loss recorded in 2024 relating to the relocation of our production base, with no such loss incurred in 2025.

Finance Costs

Our finance costs decreased from RMB3.7 million for the year ended December 31, 2024 to RMB2.6 million for the year ended December 31, 2025, primarily due to lower borrowing balances and reduced interest rates in 2025.

Share of Profits and Losses of Associates

Our share of profits of associates decreased from RMB1.0 million for the year ended December 31, 2024 to RMB0.8 million for the year ended December 31, 2025, primarily due to the weaker operating performance of Hangzhou Shanyi.

Income Tax Credit

Our income tax credit increased from RMB2.5 million for the year ended December 31, 2024 to RMB8.8 million for the year ended December 31, 2025, primarily due to the recognition of a higher amount of deferred tax assets for deductible temporary differences and tax losses carried forward, reflecting improved profitability expectations following the turnaround from net loss in 2024 to net profit in 2025.

Loss/Profit for the Year

As a result of the foregoing, we recorded a net loss of RMB62.9 million for the year ended December 31, 2024, and a net profit of RMB127.6 million for the year ended December 31, 2025.

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

Revenue

Our revenue increased by 56.8% from RMB360.0 million for the year ended December 31, 2023 to RMB564.5 million for the year ended December 31, 2024, primarily reflecting the increase in system-level devices and solutions. Specifically,

(i) our revenue from sensors decreased by 6.4% from RMB229.9 million for the year ended December 31, 2023 to RMB215.2 million for the year ended December 31, 2024, primarily due to a decline in market demand for biometrics recognition-related sensors for payment terminals;

(ii) our revenue from system-level devices and solutions increased from RMB118.5 million for the year ended December 31, 2023 to RMB339.0 million for the year ended December 31, 2024, primarily due to substantial orders for 3D-scanning and NFC payment terminals; and

(iii) our revenue from services and others remained relatively stable at RMB10.3 million for the year ended December 31, 2024, compared to RMB11.6 million for the year ended December 31, 2023.

Cost of Sales

Our cost of sales increased by 61.0% from RMB214.1 million for the year ended December 31, 2023 to RMB344.8 million for the year ended December 31, 2024, which was in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 50.6% from RMB145.9 million for the year ended December 31, 2023 to RMB219.7 million for the year ended December 31, 2024. Our overall gross profit margin decreased from 40.5% for the year ended December 31, 2023 to 38.9% for the year ended December 31, 2024, primarily due to an unfavorable shift in product mix caused by higher sales of lower-margin payment terminals. Specifically,

(i) the gross profit margin of sensors increased from 38.7% to 41.4% from 2023 to 2024, primarily due to an increase in the proportion of higher-margin products in our sales mix;

(ii) the gross profit margin of system-level devices and solutions decreased from 46.8% to 37.1% from 2023 to 2024, primarily attributable to the large-volume orders for payment terminals with relatively lower gross profit margin; and

(iii) the gross profit margin of services and others increased from 12.1% in 2023 to 46.7% in 2024, primarily due to higher revenue from higher-margin R&D services.

Other Income and Gains

Our other income and gains increased by 16.6% from RMB99.1 million for the year ended December 31, 2023 to RMB115.6 million for the year ended December 31, 2024, primarily due to higher interest income from certificates of deposit held as part of our cash management strategy.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 6.7% from RMB68.8 million for the year ended December 31, 2023 to RMB73.4 million for the year ended December 31, 2024, primarily due to an increase in our employee expenses arising from the expansion of our overseas sales team.

Administrative Expenses

Our administrative expenses decreased by 19.3% from RMB134.8 million for the year ended December 31, 2023 to RMB108.9 million for the year ended December 31, 2024, primarily due to the reduced size of our administrative team following the workforce optimization, as well as lower share-based payments.

Research and Development Expenses

Our research and development expenses decreased by 32.1% from RMB300.8 million for the year ended December 31, 2023 to RMB204.3 million for the year ended December 31, 2024, primarily due to the reduced size of our R&D team following the workforce optimization, as well as lower share-based payments.

Reversal of Impairment Loss/(Impairment Loss) on Financial Assets, net

We recorded reversal of impairment loss on financial assets of RMB2.2 million for the year ended December 31, 2023, and impairment loss on financial assets of RMB1.3 million for the year ended December 31, 2024, primarily due to an increase in trade receivables base as a result of our revenue growth, which gave rise to higher impairment provision for such receivables.

Other Expenses

Our other expenses increased by 34.6% from RMB7.5 million for the year ended December 31, 2023 to RMB10.1 million for the year ended December 31, 2024, primarily due to (i) higher other operating expenses from the early write-off of long-term prepaid decoration works in connection with the relocation of our production facility to our Shunde manufacturing base, and (ii) higher impairment losses on long-term prepayments following the termination of certain R&D projects in 2024.

Finance Costs

Our finance costs decreased by 15.6% from RMB4.4 million for the year ended December 31, 2023 to RMB3.7 million for the year ended December 31, 2024, primarily due to the reduction in interest on lease liabilities following the expiry of certain leases as we relocated our production base to owned premises.

Share of Profits of Associates

Our share of profits of associates increased from RMB0.3 million for the year ended December 31, 2023 to RMB1.0 million for the year ended December 31, 2024, primarily due to the strong operating performance of Shanghai Green Leaf.

Income Tax (Expense)/Credit

Our income tax shifted from a tax expense of RMB6.7 million for the year ended December 31, 2023 to a tax credit of RMB2.5 million for the year ended December 31, 2024, primarily due to the recognition of deferred tax assets arising from temporary differences related to deferred income and share-based payment expenses in 2024, which more than offset the write-down of previously recognized deferred tax assets for tax losses.

Loss for the Year

As a result of the foregoing, our net loss for the year decreased by 77.2% from RMB275.5 million for the year ended December 31, 2023 to RMB62.9 million for the year ended December 31, 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Non-current Assets				
Property, plant and equipment	297,311	410,105	471,746	472,839
Other intangible assets	24,529	12,480	7,058	4,641
Right-of-use assets	125,566	103,637	98,541	142,786
Investment in associate	15,654	16,626	18,489	18,517
Equity investments designated at fair value through other comprehensive income	169,992	94,345	99,804	101,084
Goodwill	3,217	3,217	3,217	3,217
Prepayment, other receivables and other assets	662,805	1,082,174	1,064,410	736,278
Time deposits	–	–	–	123,092
Deferred tax assets	162,943	176,947	190,372	200,569
Total non-current assets	**1,462,017**	**1,899,531**	**1,953,637**	**1,803,023**
Current Assets				
Inventories	159,040	219,943	185,634	256,176
Trade and bills receivables	83,173	154,275	137,128	129,521
Prepayments, other receivables and other assets	93,688	103,755	112,413	506,969
Financial assets at fair value through profit or loss ("**FVTPL**")	388,419	345,000	310,145	163,969
Debt investments at fair value through other comprehensive income ("**FVOCI**")	–	–	84,130	37,245
Time deposits	306,752	348,730	359,801	311,250
Restricted cash	1,320	8,232	2,763	1,942
Cash and cash equivalents	889,809	249,525	267,171	1,220,986
Total current assets	**1,922,201**	**1,429,460**	**1,459,185**	**2,628,058**
Current Liabilities				
Trade and bills payables, other payables and accruals	153,285	217,451	230,791	261,201
Contract liabilities	24,858	15,878	18,306	24,925
Lease liabilities	13,798	1,943	532	2,773
Interest-bearing bank borrowings	147,511	167,961	127,261	90,689
Total current liabilities	**339,452**	**403,233**	**376,890**	**379,588**
Net current assets	**1,582,749**	**1,026,227**	**1,082,295**	**2,248,470**
Total assets less current liabilities	**3,044,766**	**2,925,758**	**3,035,932**	**4,051,493**

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Non-current liabilities				
Deferred income	20,947	50,622	41,466	39,293
Lease liabilities	13,277	856	297	2,016
Deferred tax liabilities	16	–	1	–
Total non-current liabilities	**34,240**	**51,478**	**41,764**	**41,309**
Net assets	**3,010,526**	**2,874,280**	**2,994,168**	**4,010,184**

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) buildings, (ii) machinery and equipment, (iii) electronic equipment and others, (iv) construction in progress, (v) motor vehicles, (vi) leasehold improvements. The following table sets forth details of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Buildings	249,441	307,742	438,602	438,070
Machinery and equipment	24,035	17,477	19,340	19,497
Electronic equipment and others	12,385	10,751	12,142	12,837
Construction in progress	3,667	72,214	235	1,244
Motor vehicles	440	1,612	1,365	1,191
Leasehold improvements	7,343	309	62	–
Total	**297,311**	**410,105**	**471,746**	**472,839**

Our property, plant and equipment increased from RMB297.3 million as of December 31, 2023 to RMB410.1 million as of December 31, 2024, and further increased to RMB471.7 million as of December 31, 2025, primarily due to ongoing investment in construction and expansion of our production base in Shunde. Our property, plant and equipment increased slightly to RMB472.8 million as of June 30, 2026, primarily attributable to an increase in electronic equipment and other assets, arising from additions of office computers and production moulds.

Other Intangible Assets

Our intangible assets consisted of software and license rights. Our intangible assets decreased from RMB24.5 million as of December 31, 2023 to RMB12.5 million as of December 31, 2024 and further decreased to RMB7.1 million as of December 31, 2025, primarily due to the expiry of amortization for certain IP licenses in 2024 and the write-off of project-specific R&D assets upon the termination of certain R&D projects. Our intangible assets then decreased to RMB4.6 million as of June 30, 2026, primarily due to the amortization of the software and IP licenses.

Right-of-use Assets

Our right-of-use assets consisted of leasehold land and buildings for office operations and production base. Our right-of-use assets decreased from RMB125.6 million as of December 31, 2023 to RMB103.6 million as of December 31, 2024, and further decreased to RMB98.5 million as of December 31, 2025, primarily due to (i) the termination of existing office leases upon relocation of our office to an owned building in 2024, and (ii) the termination of certain leases upon the relocation of our production base to Shunde. Our right-of-use assets then increased to RMB142.8 million as of June 30, 2026, mainly attributable to the acquisition of leasehold land for our production base in Vietnam.

Investments in Associates

Investments in associates mainly related to our investment in Shanghai Green Leaf and Hangzhou Shanyi. Our investments in associates increased from RMB15.7 million as of December 31,2023 to RMB16.6 million as of December 31, 2024, primarily due to our new investment in Hangzhou Shanyi, and further increased to RMB18.5 million as of December 31, 2025. Our investments in associates then remained relatively stable at RMB18.5 million as of June 30, 2026.

Equity Investments designated at Fair Value through Other Comprehensive Income ("FVOCI")

Our equity investments designated at FVOCI represented our non-current investments in unlisted companies. Our equity investments at FVOCI decreased from RMB170.0 million as of December 31, 2023 to RMB94.3 million as of December 31, 2024, primarily due to the full write-down of the fair value of our investment in Ningbo Feixin (寧波飛芯), a company specializing in solid-state lidar and 3D ToF receiver array chips, from RMB77.0 million to nil as a result of operational abnormalities at the investee, and then increased to RMB99.8 million as of December 31, 2025, primarily attributable to an increase in the fair value of our investment in Wuxi Weishi (無錫微視), a MEMS chip developer, arising from a higher valuation in its equity financing round. Our equity investments designated at FVOCI then further increased to RMB101.1 million as of June 30, 2026, primarily driven by fair value adjustments in respect of our investments in Wuxi Weishi and Shenzhen Yifang (深圳異方), a developer of intelligent cargo measurement and logistics automation solutions.

Deferred Tax Assets

We recognized deferred tax assets for deductible temporary differences and the carry forward of unused tax credits and unused tax losses to the extent that it was probable that taxable profits would be available against which they could be utilized. Our deferred tax assets increased from RMB162.9 million as of December 31, 2023 to RMB176.9 million as of December 31, 2024, and further increased to RMB190.4 million as of December 31, 2025, primarily due to higher deferred income and tax losses carried forward arising from 2023 and 2024 net losses. As of June 30, 2026, our deferred tax assets increased to RMB200.6 million, mainly due to higher expected future tax deductions for stock options, driven by a widening expected exercise-date share-price spread.

Goodwill

Our goodwill represented the excess investment in XTOP 3D Technology (Xi'an) Co., Ltd. Our goodwill remained stable at RMB3.2 million as of December 31, 2023, 2024, 2025 and June 30, 2026.

Inventories

Our inventories consisted of (i) raw materials, (ii) finished goods, (iii) goods in transit, representing goods delivered to customers which have not yet been accepted by customers and for which revenue-recognition criteria have not been satisfied, (iv) work in progress, and (v) contract fulfilment costs. The following table sets forth details of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(unaudited)
Raw materials	111,763	152,298	126,485	173,262
Finished goods	40,980	52,091	39,632	60,341
Goods in transit	2,839	4,686	6,708	1,072
Work in progress	3,206	10,616	11,860	21,372
Contract fulfilment costs	252	252	949	129
Total	**159,040**	**219,943**	**185,634**	**256,176**

Our inventories increased from RMB159.0 million as of December 31, 2023 to RMB219.9 million as of December 31, 2024, primarily due to higher inventory stocking levels in response to the rapid growth of our business, and then decreased to RMB185.6 million as of December 31, 2025, primarily due to improved inventory management leading to a lower inventory balance notwithstanding continued revenue growth. Our inventories then increased to RMB256.2 million as of June 30, 2026, primarily due to higher inventory stocking level of memory materials and chips in response to price fluctuations of such raw materials.

The following is an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(unaudited)
Within 1 year	111,109	177,666	155,047	231,995
1 year to 2 years	34,073	14,866	11,449	7,181
Over 2 years	13,858	27,411	19,138	17,000
Total	**159,040**	**219,943**	**185,634**	**256,176**

The following table sets forth our inventory turnover days for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Inventory turnover days [(1)]	265	201	135	170

Note:

(1) Calculated as the average of the beginning and ending balance of inventories for the year/period divided by the cost of revenue for that year/period and multiplied by 365 days for the year ended December 31, 2023, 2024 and 2025, and 181 days for the six months ended June 30, 2026.

Our inventory turnover days decreased from 265 days in 2023 to 201 days in 2024 and then decreased to 135 days in 2025, mainly due to improved inventory management and accelerated sales of system-level devices and solutions. For the six months ended June 30, 2026, our inventory turnover days increased to 170 days, mainly due to strategic stockpiling of memory materials and chips.

As of July 31, 2026, RMB76.6 million, or 25.5 % of our inventories as of June 30, 2026 had been subsequently sold or utilized.

Trade and Bills Receivables

Our trade and bills receivables consisted of trade receivables and bills receivables. During the Track Record Period, we generally granted our customers a credit period of 0 to 120 days.

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Bills receivables[(1)]:				
Third parties	21,471	45,232	641	1,538
Less: impairment of bills receivables	(70)	(29)	–	(77)
Bills receivables, net	21,401	45,203	641	1,461
Trade receivables:				
Third parties	68,726	95,794	138,016	130,653
Due from related parties	45	23,858	7,945	6,278
Less: impairment of trade receivables	(6,999)	(10,580)	(9,474)	(8,871)
Trade receivables, net	61,772	109,072	136,487	128,060
Total trade and bills receivables	**83,173**	**154,275**	**137,128**	**129,521**

Note:

(1) Bills receivables are with a maturity period of within six months.

Our trade and bills receivables increased from RMB83.2 million as of December 31, 2023 to RMB154.3 million as of December 31, 2024, primarily attributable to the expansion of our receivables balance in line with revenue growth, and then decreased to RMB137.1 million as of December 31, 2025, mainly due to the endorsement and discounting of bills receivable, partially offset by higher trade receivables. For the six months ended June 30, 2026, our trade and bills receivables further decreased to RMB129.5 million, primarily due to higher cash collections, which reduced our outstanding trade receivables.

The following is an aging analysis of our trade receivables based on revenue recognition date and net of loss allowance as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Within 1 year	60,359	107,385	135,650	126,717
1 year to 2 years	926	1,272	837	1,137
2 years to 3 years	487	415	–	206
Total	**61,772**	**109,072**	**136,487**	**128,060**

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

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Trade and bills receivables turnover days[(1)]	88	77	57	55

Note:

(1) Calculated as the average of the beginning and ending balance of trade and bills receivables for the year/period divided by revenue for that year/period and multiplied by 365 days for the year ended December 31, 2023, 2024 and 2025, and by 181 days for the six months ended June 30, 2025 and 2026.

Our trade and bills receivables turnover days decreased from 88 days in 2023 to 77 days in 2024, 57 days in 2025 and 55 days for the six months ended June 30, 2026, primarily attributable to enhanced collection efforts and our strengthened bargaining power with customers leading to more favorable payment terms.

As of July 31, 2026, RMB71.2 million, or 51.4%, of our trade and bills receivables as of June 30,2026 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets comprised (i) value-added tax recoverable, (ii) prepaid income tax, (iii) deferred expenses, (iv) prepayments, (v) other receivables, (vi) prepayments for other intangible assets, primarily representing electronic design automation software license fees and design fees in connection with our R&D project, (vii) prepayments for other non-current assets and (viii) certificates of deposits. The following table sets out a breakdown of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Current				
Value-added tax recoverable	72,706	88,498	89,085	91,214
Prepaid income tax	–	–	100	3
Deferred expenses	563	825	415	310
Prepayments	16,191	10,446	20,171	33,418
Certificates of deposits	–	–	–	354,507
Materials held on behalf of customers	–	–	–	8,492
Other receivables	8,030	5,223	3,470	7,068
Amount receivable from a customer for purchasing designated key material on the customer's behalf	–	–	–	13,767
Impairment of other receivables	(3,802)	(1,237)	(828)	(1,810)
Other receivables, net	4,228	3,986	2,642	19,025
	93,688	**103,755**	**112,413**	**506,969**
Non-current				
Prepayments for other intangible assets	237	–	–	62
Prepayments for other non-current assets	22,095	6,706	3,203	22,014
Certificates of deposits	624,647	1,059,086	1,051,699	707,994
Deferred mould cost	15,826	16,382	9,508	6,208
	662,805	**1,082,174**	**1,064,410**	**736,278**
Total	**756,493**	**1,185,929**	**1,176,823**	**1,243,247**

Our prepayments, other receivables and other assets increased from RMB756.5 million as of December 31, 2023 to RMB1,185.9 million as of December 31, 2024, primarily due to higher investments in certificates of deposits in 2024 as part of our cash management strategy, and then decreased slightly to RMB1,176.8 million as of December 31, 2025, mainly due to a decrease in deferred mould costs primarily resulting from the impairment and amortization of photomasks. As of June 30, 2026, our prepayments and other receivables increased to RMB1,243.2 million, primarily attributable to increased receivables for raw materials procured on behalf of customers under our OEM service arrangements, prepayments for the construction of our Vietnam factory and strategic prepayments for imported memory materials.

As of July 31, 2026, RMB11.2 million, or 0.9%, of our prepayments and other receivables as of June 30, 2026 had been subsequently settled.

Financial assets at fair value through profit or loss ("FVTPL")

Our financial assets at FVTPL comprised structured deposits and wealth management products. Our financial assets at FVTPL decreased from RMB388.4 million as of December 31, 2023 to RMB345.0 million as of December 31, 2024, and further decreased to RMB310.1 million as of December 31, 2025. As of June 30, 2026, our financial assets at FVTPL decreased to RMB164.0 million. During the Track Record Period, the decrease of our financial assets at FVTPL was primarily driven by redemptions of certificates of deposit.

Debt investments at fair value through other comprehensive income ("FVOCI")

Our debt investments at FVOCI comprised bank acceptance bills classified as receivables financing. We recorded debt investments at FVOCI of nil, nil, RMB84.1 million and RMB37.2 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. The decrease from RMB84.1 million as of December 31, 2025 to RMB37.2 million as of June 30, 2026, was primarily attributable to the discounting of bank acceptance bills for cash collection for the six months ended June 30, 2026.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash and bank balances, excluding restricted cash and time deposits with original maturities exceeding three months. Our cash and cash equivalents decreased from RMB889.8 million as of December 31, 2023 to RMB249.5 million as of December 31, 2024, primarily due to (i) significant payments to acquire certificates of deposit; (ii) capital expenditures on the construction of our production base in Foshan and Shunde, and then increased slightly to RMB267.2 million as of December 31, 2025, primarily due to the redemption of our structured deposit partially offset by cash used for share repurchases. As of June 30, 2026, our cash and cash equivalents further increased to RMB1,221.0 million, mainly due to proceeds received from the private placement.

The following table sets forth details of our cash and cash equivalents as of the dates indicated.

	As of December 31,			As of June, 30
	2023	2024	2025	2026
		(RMB in thousands)		*(unaudited)*
Cash and bank balances	1,197,881	606,487	629,735	1,657,270
Less:				
Restricted cash	1,320	8,232	2,763	1,942
Time deposits with original maturity over three months:	306,752	348,730	359,801	434,342
– non-current	–	–	–	123,092
– current	306,752	348,730	359,801	311,250
Cash and cash equivalents	**889,809**	**249,525**	**267,171**	**1,220,986**

Trade and Bills Payables, Other Payables and Accruals

Our trade and bills payables, other payables and accruals primarily consisted of (i) bill payables, (ii) payroll payable, (iii) other tax payables, (iv) value-added tax payable, (v) payables for purchase of materials on behalf of a customer, (vi) restricted stock exercise funds paid by employees, (vii) other payables and (viii) due to related parties, representing loan from our shareholder that are non-commercial in nature.

The following table sets forth details of our trade and bills payables, other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Trade and bills payables	50,035	140,689	104,466	107,745
Payables for property plant and equipment	48,211	11,800	45,681	42,935
Payroll payable	44,879	45,067	61,932	44,935
Other tax payables	3,093	2,733	3,691	3,367
Value-added tax payable	6,067	7,532	4,594	6,305
Payables for purchase of materials on behalf of a customer	–	–	–	26,047
Share options exercise price paid by employees	–	–	–	19,446
Other payables	1,000	1,620	2,417	2,411
Due to related parties	–	8,010	8,010	8,010
Total	**153,285**	**217,451**	**230,791**	**261,201**

Our trade and bills payables, other payables and accruals increased from RMB153.3 million as of December 31, 2023 to RMB217.5 million as of December 31, 2024, primarily due to our growing revenue base, resulting in higher purchase volumes, and further to RMB230.8 million as of December 31, 2025, primarily attributable to the increase in payables to related parties for our business expansion in 2024 and the expansion of our overall headcount in 2025, partially offset by a change in our settlement mix, as certain outstanding amounts due to major suppliers were settled by bank acceptance bills. As of June 30, 2026, our trade and bills payables, other payables and accruals increased to RMB261.2 million, primarily due to an increase in payables for purchase of designated raw materials on behalf of a customer under our robotics OEM services, partially offset by a decrease in payroll payable following the payment of year-end bonuses in the first quarter of 2026.

The following is an aging analysis of our trade and bills payables based on the invoice date or bank note date as of dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			*(unaudited)*
Within 1 year	48,846	138,769	101,942	105,299
Over 1 year	1,189	1,920	2,524	2,446
Total	**50,035**	**140,689**	**104,466**	**107,745**

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

	For the year ended December 31,			For the six months ended, June 30,
	2023	2024	2025	2026
Trade and bills payables turnover days[(1)]	77	101	82	82

Note:

(1) Calculated as the average of the beginning and ending balance of trade and bills payables for the year/period divided by the cost of revenue for that year/period and multiplied by 365 days for the year ended December 31, 2023, 2024 and 2025, and 181 days for the six months ended June 30, 2026.

Our trade and bills payables turnover days increased from 77 days in 2023 to 101 days in 2024, primarily attributable to extended payment terms negotiated with major suppliers as our procurement scale expanded. Our trade and bills payables turnover days then decreased from 101 days in 2024 to 82 days in 2025, primarily due to our increased purchase from chip and memory material suppliers, which carry shorter credit periods compared to our other suppliers. For the six months ended June 30, 2026, our trade and bills payables turnover days remained stable at 82 days.

As of July 31, 2026, RMB45.5 million, or 42.2%, of our trade and bills payables as of June 30, 2026 had been subsequently settled.

Contract Liabilities

Our contract liabilities mainly represented advance payments received from customers for the sale of our products. Our contract liabilities decreased from RMB24.9 million as of December 31, 2023 to RMB15.9 million as of December 31, 2024, primarily due to the delivery and acceptance of certain industrial projects and solutions during 2024, resulting in the recognition of advance payments as revenue, and then increased to RMB18.3 million as of December 31, 2025, primarily due to higher advance payments received from customers in connection with new product orders. As of June 30, 2026, our contract liabilities increased to RMB24.9 million, primarily due to an increase in advance payments received from customers for products pending delivery.

As of July 31, 2026, RMB4.0 million, or 15.9%, of our contract liabilities as of June 30, 2026, had been recognized as revenue.

Deferred Income

Deferred income represented government grants with relevant conditions not yet fulfilled. Our deferred income increased from RMB20.9 million as of December 31, 2023 to RMB50.6 million as of December 31, 2024, primarily attributable to the receipt of a new industrial investment project subsidy of approximately RMB33.8 million in 2024, and then decreased to RMB41.5 million as of December 31, 2025, primarily due to the amortization of existing government grants into other income exceeding the amount of new grants received during the year. As of June 30, 2026, our deferred income decreased to RMB39.3 million, mainly due to the amortization of existing government grants into other income continuing to exceed new grants received during the period.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our operations, capital expenditure and general capital needs. Historically, we have financed our operations and other capital requirements primarily through cash generated from our business operations, bank borrowings and equity contributions from our shareholders, and we plan to continue to do so.

Our anticipated cash needs primarily include costs associated with research and development activities, manufacturing activities, production capacity expansion, potential

acquisitions and daily operations. We expect to fund our future working capital and other cash requirements with cash generated from our operations, the [**REDACTED**] from [**REDACTED**] and, when necessary, bank and other borrowings.

As of July 31, 2026, the most recent practicable date for determining our indebtedness, we had cash and cash equivalent of RMB1,207.8 million. As of the same date, we had unutilized banking facilities of RMB842.4 million.

Net Current Assets

The following table sets forth a summary of our net current assets as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	(RMB in thousands)				
				(unaudited)	
Current Assets					
Inventories	159,040	219,943	185,634	256,176	280,817
Trade and bills receivables	83,173	154,275	137,128	129,521	148,103
Prepayments, other receivables and other assets	93,688	103,755	112,413	506,969	499,966
Financial assets at FVTPL	388,419	345,000	310,145	163,969	153,954
Debt investments at FVOCI	–	–	84,130	37,245	33,848
Time deposits	306,752	348,730	359,801	311,250	285,709
Restricted cash	1,320	8,232	2,763	1,942	2,778
Cash and cash equivalents	889,809	249,525	267,171	1,220,986	1,207,800
Total current assets	**1,922,201**	**1,429,460**	**1,459,185**	**2,628,058**	**2,612,975**
Current Liabilities					
Trade and bills payables, other payables and accruals	153,285	217,451	230,791	261,201	262,079
Contract liabilities	24,858	15,878	18,306	24,925	24,968
Lease liabilities	13,798	1,943	532	2,773	3,459
Interest-bearing bank borrowings	147,511	167,961	127,261	90,689	33,727
Total current liabilities	**339,452**	**403,233**	**376,890**	**379,588**	**324,233**
Net current assets	**1,582,749**	**1,026,227**	**1,082,295**	**2,248,470**	**2,288,742**

We had net current assets of RMB1,582.7 million, RMB1,026.2 million, RMB1,082.3 million, RMB2,248.5 million, and RMB2,288.7 million as of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, respectively.

Our net current assets decreased from RMB1,582.7 million as of December 31, 2023 to RMB1,026.2 million as of December 31, 2024, primarily attributable to a decrease in current assets, primarily reflecting a decrease of RMB640.3 million in cash and cash equivalents, which was partially offset by (i) an increase of RMB60.9 million in inventories, (ii) an increase of RMB71.1 million in trade and bills receivables. In addition, our current liabilities increased, primarily representing an increase of RMB64.2 million in trade and bills payables, other payables and accruals which further contributed to the decrease in net current assets.

Our net current assets increased from RMB1,026.2 million as of December 31, 2024 to RMB1,082.3 million as of December 31, 2025, primarily attributable to (i) an increase in current assets, primarily representing an increase of RMB84.1 million in debt investments at FVOCI, which was partially offset by (a) a decrease of RMB34.9 million in financial assets at

fair value through profit or loss, (b) a decrease of RMB34.3 million in inventories, and (ii) a decrease in current liabilities, primarily reflecting a decrease of RMB40.7 million in interest-bearing bank borrowings, which was partially offset by an increase of RMB13.3 million in trade and bills payables, other payables and accruals.

Our net current assets increased from RMB1,082.3 million as of December 31, 2025 to RMB2,248.5 million as of June 30, 2026, primarily attributable to an increase in current assets, primarily including (i) an increase of RMB953.8 million in cash and cash equivalents, (ii) an increase of RMB394.6 million in prepayments, other receivables and other assets, which was partially offset by a decrease of RMB146.2 million in financial assets at FVTPL.

Our net current assets increased from RMB2,248.5 million as of June 30, 2026 to RMB2,288.7 million as of July 31, 2026, primarily attributable to a decrease in our current liabilities, mainly as a result of a decrease of RMB57.0 million in interest-bearing bank borrowings.

Our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document, taking into account the financial resources available to us, including our cash and cash equivalents on hand, internally generated funds and the estimated [**REDACTED**] from the [**REDACTED**].

Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	(RMB in thousands)				
				(unaudited)	
Net cash flows (used in) /from operating activities	(159,761)	(86,341)	82,725	84,362	13,912
Net cash flows (used in)/ from investing activities	(94,597)	(593,620)	14,905	(29,366)	2,905
Net cash flows from/(used in) financing activities	137,292	39,456	(78,096)	(44,913)	939,815
Net (decrease)/increase in cash and cash equivalents	**(117,066)**	**(640,505)**	**19,534**	**10,083**	**956,632**
Cash and cash equivalents at the beginning of the year/period	1,005,862	889,809	249,525	249,525	267,171
Cash and cash equivalents at the end of the year/period	**889,809**	**249,525**	**267,171**	**259,412**	**1,220,986**

Net Cash Generated from/(Used in) Operating Activities

Our net cash generated from operating activities was RMB13.9 million for the six months ended June 30, 2026, primarily due to our profit before tax of RMB39.3 million, as adjusted by (i) non-cash and non-operating items, primarily comprising interest income of RMB16.1 million, depreciation of property, plant and equipment of RMB15.1 million, and investment income from certificates of deposits of RMB12.6 million, and (ii) changes in working capital that negatively affected our cash flows which primarily included an increase in inventories of RMB80.2 million, an increase in prepayments, and other receivables and other assets of RMB30.8 million; partially offset by changes in working capital that positively affected our cash flows, which primarily included an increase in trade and bills payables, other payables and accruals of RMB89.8 million.

Our net cash generated from operating activities was RMB82.7 million in 2025, primarily due to our profit before tax of RMB118.8 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB28.8 million, investment income from certificates of deposits of RMB26.9 million, a write-down of inventories to net realizable value of RMB18.4 million and equity-settled

share-based payment expenses of RMB15.6 million, and (ii) changes in working capital that negatively affected our cash flows, which primarily included an increase in trade and bills receivables of RMB242.1 million; partially offset by changes in working capital that positively affected our cash flows, which primarily included an increase in trade and bills payables, other payables and accruals of RMB161.2 million and a decrease in inventories of RMB15.9 million.

Our net cash used in operating activities was RMB86.3 million in 2024, primarily due to our loss before tax of RMB65.4 million, as adjusted by (i) non-cash and non-operating items, primarily comprising interest income of RMB39.9 million, equity-settled share-based payment expenses of RMB34.2 million, depreciation of property, plant and equipment of RMB30.4 million and investment income from certificates of deposits of RMB24.8 million, and (ii) changes in working capital that negatively affected our cash flows, which primarily included an increase in trade and bills receivables of RMB143.7 million and an increase in inventories of RMB77.0 million; partially offset by changes in working capital that positively affected our cash flows, which primarily included an increase in trade and bills payables, other payables and accruals of RMB124.1 million and an increase in deferred income of RMB50.0 million.

Our net cash used in operating activities was RMB159.8 million in 2023, primarily due to our loss before tax of RMB268.9 million, as adjusted by (i) non-cash and non-operating items, primarily comprising equity-settled share-based payment expenses of RMB67.4 million, depreciation of property, plant and equipment of RMB30.6 million, interest income of RMB25.4 million, government grants of RMB24.6 million and depreciation of right-of-use assets of RMB21.9 million, and (ii) changes in working capital that positively affected our cash flows, which primarily included an increase in trade and bills payables, other payables and accruals of RMB13.1 million, an increase in deferred income of RMB20.5 million and an increase in contract liabilities of RMB11.5 million; partially offset by changes in working capital that negatively affected our cash flows, which primarily included an increase in inventories of RMB15.0 million and an increase in prepayments, other receivables and other assets of RMB6.9 million.

Net Cash Generated from/(Used in) Investing Activities

Our net cash generated from investing activities was RMB2.9 million for the six months ended June 30, 2026, primarily due to proceeds from disposals of financial assets at FVTPL of RMB838.5 million, and proceeds from maturity of certificates of deposits of RMB307.6 million; partially offset by payment for acquisition of financial assets at fair value through profit or loss of RMB689.9 million and payment for acquisition of certificates of deposits of RMB305.9 million.

Our net cash generated from investing activities was RMB14.9 million in 2025, primarily due to proceeds from disposals of financial assets at fair value through profit or loss of RMB1,704.9 million and proceeds from maturity of certificates of deposits of RMB254.6 million; partially offset by payments for acquisition of financial assets at fair value through profit or loss of RMB1,658.9 million, payments for acquisition of certificates of deposits of RMB220.3 million and purchases of items of property, plant and equipment and other intangible assets of RMB63.1 million.

Our net cash used in investing activities was RMB593.6 million in 2024, primarily due to payments for acquisition of financial assets at fair value through profit or loss of RMB1,611.1 million, payments for acquisition of certificates of deposits of RMB464.0 million, placement of time deposits of RMB343.4 million and purchases of items of property, plant and equipment and other intangible assets of RMB199.9 million; partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB1,665.9 million and proceeds from maturity of time deposits of RMB307.3 million.

Our net cash used in investing activities was RMB94.6 million in 2023, primarily due to payments for acquisition of financial assets at fair value through profit or loss of RMB1,227.0 million, payments for acquisition of certificates of deposits of RMB584.0 million, placement of time deposits of RMB300.0 million and purchases of items of property, plant and equipment and other intangible assets of RMB129.6 million; partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB1,424.9 million, proceeds from maturity of time deposits of RMB711.3 million and proceeds from maturity of certificates of deposits of RMB51.9 million.

Net Cash Generated from/(Used in) Financing Activities

Our net cash generated from financing activities was RMB939.8 million for the six months ended June 30, 2026, primarily due to capital contribution from shareholders of RMB975.0 million, partially offset by repayment of bank borrowings of RMB68.9 million.

Our net cash used in financing activities was RMB78.1 million in 2025, primarily due to repayments of bank borrowings of RMB259.3 million and payment for repurchase of own shares of RMB48.1 million, partially offset by new bank borrowings of RMB218.1 million.

Our net cash generated from financing activities was RMB39.5 million in 2024, primarily due to new bank borrowings of RMB167.5 million, partially offset by repayments of bank borrowings of RMB80.0 million and payment for repurchase of own shares of RMB33.8 million.

Our net cash generated from financing activities was RMB137.3 million in 2023, primarily due to new bank borrowings of RMB148.6 million, partially offset by principal portion of lease payments of RMB19.0 million.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any other material indebtedness.

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	(RMB in thousands)				
				(unaudited)	
Current					
Interest-bearing bank borrowings	147,511	167,961	127,261	90,689	33,727
Lease liabilities	13,798	1,943	532	2,773	3,459
	161,309	169,904	127,793	93,462	37,186
Non-current					
Lease liabilities	13,277	856	297	2,016	1,315
	13,277	856	297	2,016	1,315
Total	**174,586**	**170,760**	**128,090**	**95,478**	**38,501**

Bank Borrowings

As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, we had total borrowings of RMB147.5 million, RMB168.0 million, RMB127.3 million, RMB90.7 million and RMB33.7 million, respectively. During the Track Record Period, our borrowings came from commercial banks and financial institutions bearing effective interest rates in the range of 2.11% to 2.80% per annum. The interest rates on our borrowings were generally in line with prevailing market rates.

Our loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. We also undertake financial covenants that require us to meet certain financial ratio requirements in our loan agreements. Our Directors confirm that there has not been any material default on our part in the payment of borrowings, or breaches of covenants during the Track Record Period and up to the date of this document. During the same period, we have not experienced any difficulties in obtaining bank loans and others borrowings, default in payment of bank loans and other borrowings or breach of covenants.

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our lease of land use right and buildings for our manufacturing base and office premises. As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, our total lease liabilities amounted to RMB27.1 million, RMB2.8 million, RMB0.8 million, RMB4.8 million and RMB4.8 million, respectively.

CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period were related to payment for purchases of items of property, plant and equipment, other intangible assets and other assets. We recorded capital expenditure of RMB176.0 million, RMB202.8 million, RMB63.1 million, and RMB77.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, and June 30, 2026, we did not have any material contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since June 30, 2026 and up to the Latest Practicable Date.

CAPITAL COMMITMENTS

We did not have any material contracted capital commitments during the Track Record Period.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time, primarily including (i) sales of products and services to related parties of RMB1.8 million, RMB44.9 million, RMB252.6 million and RMB53.0 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, (ii) purchases of products and services from related parties of RMB12.0 million, RMB18.6 million, RMB9.1 million and RMB5.0 million in the same periods, respectively, and (iii) compensation of key management personnel of RMB12.5 million, RMB11.3 million, RMB8.0 million and RMB3.4 million in the same periods, respectively. As of December 31, 2023, 2024, 2025 and June 30, 2026, our outstanding balances of amounts due from related parties of trade nature was RMB45 thousand, RMB22.7 million, RMB7.6 million and RMB6.0 million, respectively, and our outstanding balance of amounts due to related parties of trade nature was RMB7.8 million, RMB2.1 million, RMB87 thousand and RMB123 thousand, respectively. As of December 31, 2023, 2024, 2025 and June 30, 2026, our outstanding balance of amounts due to a related party of borrowings nature was nil, RMB8.0 million, RMB8.0 million and RMB8.0 million, respectively. We expect to settle the outstanding amounts due to the related party of borrowing nature prior to the [**REDACTED**]. For details, see Note 37 to the Accountants' Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 37 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,			As of/For the six months ended June 30,
	2023	2024	2025	2026
Gross profit margin[1] *(%)*	40.5	38.9	41.8	46.3
Current ratio[2]	5.66	3.54	3.87	6.92
Adjusted net profit/(loss) margin (non-IFRS measure)[3] *(%)*	(57.8)	(5.1)	15.2	11.2

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the year/period.

(2) Current ratio equals current assets divided by current liabilities as of the end of the year/period.

(3) Adjusted net profit/(loss) margin (non-IFRS measure) represents adjusted net profit/(loss) for the year/period (non-IFRS measure) divided by revenue for the same year/period and multiplied by 100%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including market risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For details, see Note 40 in the Accountants' Report set out in Appendix I of this document.

DIVIDENDS

During the Track Record Period, we did not declare or pay any dividends. The declaration and payment of any dividends in the future will be determined by our Board of Directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Currently, we do not have a dividend policy or predetermined dividend payout ratio in place. As confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. In addition, our shareholders may, by resolution, elect to allocate a portion of our after-tax profit to a discretionary common reserve fund. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, (ii) we have allocated sufficient profit to our statutory common reserve fund as described above, and (iii) any discretionary allocation has been made as resolved by our shareholders.

DISTRIBUTABLE RESERVES

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

[REDACTED] EXPENSES

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

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [**REDACTED**] on the consolidated net tangible assets attributable to owners of the parent as of June 30, 2026 as if the [**REDACTED**] had taken place on that date.

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of our Company had the [**REDACTED**] been completed as of June 30, 2026 or at any future date. For details, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our business, financial condition and results of operations since June 30, 2026, which is the end date of the periods reported on in the Accountants' Report in Appendix I to this document, and there is no event since June 30, 2026 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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