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The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, 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 reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We are a leading analog IC company in China. We design, develop and sell analog ICs and sensors that sense, amplify, convert and power, forming the fundamental building blocks of all electronic systems. Since our founding in 2007, we have developed a comprehensive and expanding product portfolio that extends the reach of what electronics can achieve. With over 7,200 analog and sensor products spanning 38 categories as of the Latest Practicable Date, we offer system-ready solutions backed by robust design and process capabilities that shorten time-to-market. We deliver analog advances that move customers forward in every generation of their designs and innovations. Having long been core components in end markets such as industrial, networking and consumer electronics, our products are also contributing to broader uptake in applications across EVs, data centers, robotics, renewable energy and next-generation consumer devices.

We offer a wide, differentiated portfolio of general-purpose and application-optimized analog products, encompassing signal chain and power management, the twin pillars of our product matrix that define our role as a major provider of analog ICs. Our signal chain ICs help electronic devices interpret the physical world. They take signals that come from sensors and prepare them for digital processing. Our signal chain ICs capture, condition and amplify signals from the physical world and convert them into digital data with high accuracy. Our products maintain data integrity from the point of acquisition to the final output, which is important for applications that require precise measurement, low noise and minimal error. Our power management ICs control how energy is delivered within an electronic device. They determine how much power each part of a device receives, convert power into the levels required by different components and distribute power safely through the system. They also guard against issues such as surges or irregular power flow. By keeping power steady and well regulated, the products help systems operate reliably and use energy efficiently. Complementing our analog portfolio, we also provide a specialized range of sensors that mark the entry point of connection between the real and digital worlds, delivering high-precision measurement and monitoring of key environmental and physical parameters.

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In 2023, 2024 and 2025, our revenue amounted to RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, representing a CAGR of 22.1% from 2023 to 2025. We maintained sustainable profitability throughout the Track Record Period. Our gross profit margin was 44.9%, 47.2%, and 46.2%, respectively. We recorded adjusted net profit (non-IFRS measure) of RMB388.7 million, RMB576.0 million, and RMB693.5 million, respectively.

BASIS OF PREPARATION AND PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information. It also requires management to make judgments, estimates and assumptions in the process of applying our accounting policies. Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in the Accountants' Report included in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, materially affected by the following factors.

Company-specific Factors

General market conditions in our industry

We primarily engage in designing, developing and selling analog ICs, and our business and financial condition are affected by the global and China's analog IC market conditions. These market conditions are further substantially influenced by supply-demand dynamics, which are subject to various factors beyond our control. Such factors include competition, technological advancements, as well as shifting downstream market preferences. If the supply of analog ICs exceeds demand, the market dynamics for our products could be adversely affected. According to Frost & Sullivan, China's analog IC industry experienced a cyclical downturn in 2023, primarily due to macroeconomic challenges and weak overall semiconductor demand. Our revenue in 2023 declined compared to the prior year.

Notably, the industry began to show signs of recovery in 2024 and we have achieved growth and outperformed industry cycles by delivering high-performance solutions that meet specific industry and customer demands. We are deeply embedded in the technological evolution of high-growth sectors and we will continue to leverage our technological capabilities, deepen customer insights and strengthen our market position to drive steady growth and enhance profitability.

Our ability to diversify and expand our product offerings

Our competitive strength lies in our diverse and adaptable product offerings that cater to a wide range of needs, and our comprehensive analog portfolio strengthens our operational resilience against cyclical fluctuations. The ability to offer diversified analog ICs is one of the most important factors affecting our results of operations and financial condition. We have engineered the most comprehensive analog and sensor portfolio in China, according to Frost & Sullivan, with over 7,200 products across 38 categories, providing our customers with distinctive breadth and depth to address complex design challenges across industries. In 2023, 2024 and 2025, we achieved sales volume of 4,498.1 million units, 5,964.1 million units, and 7,862.7 million units, respectively.

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The mix of analog IC products and the price of each product we provide are also among the primary factors that affect our revenue and profitability. During the Track Record Period, we primarily derived our revenue from the sale of signal chain ICs and power management ICs. We maintained sustainable profitability throughout the Track Record Period despite the industry downturn in 2023. In 2023, 2024 and 2025, our revenue was RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, respectively, and our adjusted net profit (non-IFRS measure) was RMB388.7 million, RMB576.0 million and RMB693.5 million, respectively. Our product mix may fluctuate in response to the technological changes in the industries and markets to which our products are sold, and the changes in market demand. We aim to further enrich our product portfolio in the future.

Continuous investment in R&D talent and technologies

To maintain our competitiveness in the global and China's analog IC industry and achieve sustainable growth, we must continuously integrate new technologies into our products in a timely and effective manner to meet the ever-changing needs of our customers. Building on our extensive R&D expertise in analog ICs, we are accelerating R&D and core IP expansion in critical analog domains to drive technological breakthroughs across our entire product portfolio.

Leveraging our proprietary technologies, our analog ICs have achieved reliability and stability in accordance with industry standards, and we are able to supply end customers with a highly dependable and diverse product offering. To extend our technology leadership in the analog IC industry, we have made significant investments in upgrading our technology capabilities and R&D infrastructure. In 2023, 2024 and 2025, we incurred R&D expenses of RMB737.1 million, RMB870.7 million and RMB1,045.2 million, respectively. Going forward, we will continue to invest resources in R&D to support the long-term growth of our business.

The growth of our business also depends largely on our R&D talent pool. We have established a comprehensive R&D system and training mechanism to cultivate our R&D team. As of December 31, 2025, our R&D team comprised 1,335 research and engineering personnel, accounting for approximately 72.8% of our total number of employees. Our R&D team members possess profound professional expertise, with 56.3% holding a master's degree or above. More than 31% of our R&D team have accrued more than ten years of domain expertise, including a core group of approximately 100 personnel with over two decades of expertise in their fields. As we believe our success will significantly depend on our ability to maintain a leading R&D team in our industry, we will continue to invest additional resources to attract more R&D talent.

Our ability to efficiently manage our sales network and enhance the market acceptance of our products

During the Track Record Period, we strategically collaborated with distributors to expand our market reach and effectively serve the needs of customers in various regions. We have made proactive efforts in product promotion and global market expansion, which have contributed significantly to the expansion of our market reach and customer base, and, as a result, the growth of our sales volume and revenue. During the Track Record Period, we primarily sold and marketed our products and provided services through distribution channels. In 2023, 2024 and 2025, our revenue generated from sales to distributors amounted to RMB2,388.8 million, RMB2,999.0 million and RMB3,609.9 million, respectively, accounting for 91.3%, 89.6% and 92.6%, respectively, of our revenue for the corresponding years. Our distributors amplify our market presence through their established networks

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and deep local insights. As a result, our ability to expand and efficiently manage our sales and distribution network remains critical to our business and financial performance.

In addition, we leverage our comprehensive product portfolio to meet the varied needs of customers across different industries. We monitor changes in market demand and leverage our strong technical capabilities to meet the escalating requirements of our customers for the performance and stability of analog IC products. This breadth in capabilities helps foster customer loyalty, enhance the market acceptance of our products and therefore increase our revenue. Our strategic partnerships with major customers further established us as a trusted provider in the market, while our reputation for reliability and innovation attracts new end customers across additional regions and sectors. In the future, we will continue to deepen our relationship with existing distributors, direct sales customers and our end customers, and expand sales channels to attract new customers in critical end markets.

Relationship with our major suppliers

We operate under a fabless model centered on our core competencies in R&D and sales. We outsource our major manufacturing processes, including wafer fabrication, packaging, and testing, to third-party suppliers. During the Track Record Period, we established strong and long-term cooperation with several major suppliers for wafer fabrication, packaging and testing. See “Business—Our Business Model” and “Business—Supply Chain Management” for more details. Therefore, our ability to maintain long-term stable business relationships with our major suppliers to provide us with qualified wafers and packaging and testing services on a timely basis is crucial for our business development and results of operations. We believe our efficient supply chain management enables us to quickly launch and upgrade our product mix in response to customer demand. We also seek to enhance our bargaining power in supply purchases by leveraging our growing procurement scale.

However, supply chain disruptions and manufacturing capacity limitations may result in delayed delivery. See “Risk Factors—Risks Relating to Our Business and Industry—We depend on a limited number of third-party suppliers to manufacture our products” for more details. During the Track Record Period, we were not subject to shortages in the supply of raw materials or services from our suppliers. We do not anticipate any supply chain constraints that would materially and adversely affect our business and results of operations.

General Factors

In addition, our results of operations and financial position have been and are expected to be affected by the following general factors:

- global and China’s macroeconomic conditions;
- technology advancements and competition in the analog IC industry; and
- relevant laws and regulations, and governmental policies and initiatives.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. In the application of our accounting policies, our management is required to make

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judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Our material accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this prospectus.

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RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	2,615,716	3,346,983	3,898,055
Cost of sales	<u>(1,440,156)</u>	<u>(1,766,139)</u>	<u>(2,095,593)</u>
Gross profit	1,175,560	1,580,844	1,802,462
Other income and gains	120,963	108,309	193,378
Selling and marketing expenses	(198,571)	(234,184)	(258,450)
Administrative expenses	(91,409)	(106,086)	(125,874)
Research and development expenses	(737,074)	(870,747)	(1,045,195)
Impairment losses on financial assets and contract assets, net	(1,677)	(1,086)	(2,457)
Other expenses	(3,697)	(2,606)	(9,527)
Finance costs	(2,277)	(2,242)	(11,996)
Share of (losses)/profits of associates	(7,679)	12,581	7,549
Profit before tax	254,139	484,783	549,890
Income tax credit/(expense)	15,798	6,379	(15,515)
Profit for the year	<u>269,937</u>	<u>491,162</u>	<u>534,375</u>

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as profit for the year, excluding equity-settled share-based transactions. Equity-settled share-based transactions represent the non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.

The following table sets forth a reconciliation of our profit for the year to adjusted net profit (non-IFRS measure) for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit for the year	269,937	491,162	534,375
Add:			
Equity-settled share-based transactions	118,791	84,836	159,113
Adjusted net profit for the year (non-IFRS measure)	<u>388,728</u>	<u>575,998</u>	<u>693,488</u>

We believe that adjusted net profit (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our non-IFRS measure does not have a standardized meaning prescribed by IFRS Accounting Standards, and our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net profit (non-IFRS measure) has limitations as an analytical tool, and you should

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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 Accounting Standards.

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

Revenue by Product Type

During the Track Record Period, we primarily generated revenue from the sales of our signal chain ICs and power management ICs. We generally recognize revenue when our products have been delivered to our customers. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, respectively. The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as a percentage of total revenue, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Power management ICs	1,746,024	66.8	2,181,660	65.2	2,379,834	61.1
Signal chain ICs	864,242	33.0	1,156,700	34.5	1,471,023	37.7
Others ⁽¹⁾	5,450	0.2	8,623	0.3	47,198	1.2
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

(1) Others primarily include our revenue from our sensor products and technology services. Technology services represented the service fees charged for providing customized development products for customers.

The following table sets forth the sales volume of our major products during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
	<i>(Units in millions)</i>		
Power management ICs	3,060.6	3,934.6	5,022.8
Signal chain ICs	1,427.4	2,012.7	2,792.6

Revenue generated from sales of power management ICs amounted to RMB1,746.0 million, RMB2,181.7 million and RMB2,379.8 million, in 2023, 2024 and 2025, respectively, accounting for 66.8%, 65.2% and 61.1% of our total revenue for the same years, respectively. In 2023, despite the downturn in the analog IC market, the sales volume of our power management ICs still reached over 3,000 million units, primarily because our products have gained market recognition with a growing customer base. Besides, in response to market dynamics, our product portfolio was adjusted accordingly. The sales volume of our power management ICs increased to 3,934.6 million units in 2024, and further increased to 5,022.8 million units in 2025, which was mainly driven by the rapid growth in the market demand for our power management ICs in recognition of the premium quality and overall recovery of the analog IC industry.

Revenue generated from sales of signal chain ICs amounted to RMB864.2 million, RMB1,156.7 million, and RMB1,471.0 million, in 2023, 2024 and 2025, respectively, accounting for 33.0%, 34.5%, and 37.7% of our total revenue for the same years, respectively. From 2024, consumer electronics shipments began to recover, and the analog IC market accordingly resumed its growth

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trajectory. The sales volume of our signal chain ICs then increased significantly to 2,012.7 million units in 2024, and further increased to 2,792.6 million units in 2025, which was mainly driven by the rapid growth in the market demand for our signal chain ICs in recognition of the premium quality and overall recovery of the analog IC industry.

Revenue by Geographic Location

During the Track Record Period, we generated revenue from multiple regions primarily including Hong Kong, the Chinese Mainland and Taiwan. The following table sets forth a breakdown of our revenue by geographic market for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Hong Kong	1,358,701	51.9	1,484,881	44.4	1,921,049	49.3
Chinese Mainland	1,042,216	39.8	1,497,608	44.7	1,635,122	41.9
Taiwan	91,117	3.5	134,205	4.0	171,691	4.4
Others ⁽¹⁾	123,682	4.8	230,289	6.9	170,193	4.4
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

Note:

(1) Others primarily include our revenue from Singapore, Germany, South Korea and Japan.

Revenue by Sales Channel

During the Track Record Period, we operated through two main sales channels: (i) distribution sales, and (ii) direct sales. We strategically collaborated with distributors to expand our market reach and effectively serve the needs of customers in various regions. In our direct sales model, we sell products directly to end customers, providing products that meet their specific operational needs.

The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as a percentage of our revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Distribution sales	2,388,799	91.3	2,999,044	89.6	3,609,911	92.6
Direct sales	226,917	8.7	347,939	10.4	280,648	7.2
Others ⁽¹⁾	—	—	—	—	7,496	0.2
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

(1) Others primarily include our technology services' revenue.

Cost of Sales

Our cost of sales consists primarily of costs of wafers, costs of packaging and testing, other costs, and impairment loss of inventories. For the years ended December 31, 2023, 2024 and 2025, our cost of sales amounted to RMB1,440.2 million, RMB1,766.1 million, and RMB2,095.6 million, respectively.

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The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Costs of wafers	656,690	45.6	861,037	48.8	964,819	46.0
Costs of packaging and testing	589,127	40.9	687,553	38.9	837,955	40.0
Other costs of sales	72,404	5.0	75,878	4.3	109,560	5.3
Subtotal	1,318,221	91.5	1,624,468	92.0	1,912,334	91.3
Impairment loss of inventories	108,634	7.5	128,851	7.3	169,828	8.1
Tax and others	13,301	1.0	12,820	0.7	13,431	0.6
Total	1,440,156	100.0	1,766,139	100.0	2,095,593	100.0

We operate under a fabless model centered on our core competencies in R&D and sales. We outsource our major manufacturing processes, including wafer fabrication, packaging, and testing, to third-party suppliers. For the years ended December 31, 2023, 2024 and 2025, cost of wafers accounted for 45.6%, 48.8%, and 46.0% of our cost of sales, respectively.

For the years ended December 31, 2023, 2024 and 2025, our cost of packaging and testing accounted for 40.9%, 38.9%, and 40.0% of our cost of sales, respectively.

The table below sets forth a breakdown of impairment loss of inventories by types of our products for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Power management ICs	22,041	20.3	79,095	61.4	80,750	47.5
Signal chain ICs	81,577	75.1	49,336	38.3	87,776	51.7
Others ⁽¹⁾	5,016	4.6	420	0.3	1,302	0.8
Total	108,634	100.0	128,851	100.0	169,828	100.0

(1) Others primarily include impairment loss of inventories relating to our sensor products.

Our impairment loss of inventories increased from RMB108.6 million in 2023 to RMB128.9 million in 2024, primarily because we proactively increased and maintained steady inventory levels to ensure timely delivery of our products to customers in 2024, and against the backdrop of continuous inventory growth, the reduced sales volume in 2023 directly affected the aging of inventory for each product. Our impairment loss of inventories further increased to RMB169.8 million in 2025, also primarily because we proactively increased inventory levels to ensure timely delivery of our products to customers in 2025, and the increase in the impairment loss of inventories was in line with the growth of inventory levels, and there is a time lag before our sales volumes further ramped up.

Gross Profit and Gross Margin

Our gross profit represents our revenue less our cost of sales, and our gross margin represents our gross profit divided by our revenue, expressed as a percentage. Our gross profit was

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RMB1,175.6 million, RMB1,580.8 million, and RMB1,802.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our gross margin was 44.9%, 47.2% and 46.2% for the same years, respectively.

The following table sets forth our gross profit and gross margin for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)
	<i>(RMB in thousands, except for percentages)</i>					
Power management ICs	804,899	46.1	1,043,112	47.8	1,103,655	46.4
Signal chain ICs	490,188	56.7	675,015	58.4	855,738	58.2
Others ⁽¹⁾	2,408	44.2	4,388	50.9	26,328	55.8
Subtotal	1,297,495	49.6	1,722,515	51.5	1,985,721	50.9
Impairment loss of inventories	108,634		128,851		169,828	
Tax and others	13,301		12,820		13,431	
Total	1,175,560	44.9	1,580,844	47.2	1,802,462	46.2

(1) Others primarily include our sensor products and technology services.

The table below sets forth a breakdown of our gross profit and gross profit margin by product type, after taking into account the impairment loss of inventories and tax and others, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit RMB	Gross margin %	Gross profit RMB	Gross margin %	Gross profit RMB	Gross margin %
	<i>(RMB in thousands, except for percentages)</i>					
Power management ICs	774,607	44.4	956,254	43.8	1,015,440	42.7
Signal chain ICs	403,586	46.7	620,655	53.7	762,174	51.8
Others ⁽¹⁾	(2,633)	(48.3)	3,935	45.6	24,848	52.6
Total	1,175,560	44.9	1,580,844	47.2	1,802,462	46.2

(1) Others primarily include our sensor products and technology services.

During the Track Record Period, we maintained a high gross margin primarily driven by our continuous introduction of new products and high-performance products and our cost-effectiveness. Besides, we continuously invest in R&D and have established a broad product portfolio. Among them, our signal chain ICs and high-end power management ICs, due to their higher technological barriers, demonstrated more favorable gross margins in the corresponding business.

Our gross profits and gross margins largely depend on our product mix, the competition we faced, the supply-demand balance in the analog IC market and general market conditions. Our gross profit and gross margin improved from 2023 to 2024, primarily due to the overall recovery of analog IC industry where there was a rebound in product demand. Our gross profit increased by 14.0% from RMB1,580.8 million in 2024 to RMB1,802.5 million in 2025, primarily due to the growth in the sales volume of our products in 2025. Our overall gross margin was 47.2% in 2024 and 46.2% in 2025, remaining at a relatively stable level.

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Other Income and Gains

We recorded other income and gains of RMB121.0 million, RMB108.3 million and RMB193.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our other income consists of (i) government grants, and (ii) bank interest income. Our other gains consist of (i) foreign exchange income, net, (ii) gains on disposal of investments at fair value through profit or loss, (iii) gains on disposal of items of property, plant and equipment and right-of-use assets, and (iv) fair value gains derived from wealth management products and equity investments at fair value through profit or loss.

The following table sets forth a breakdown of our other income and gains for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Other income						
Government grants	50,541	41.8	37,844	34.9	101,072	52.3
Bank interest income	34,720	28.7	31,687	29.3	30,061	15.5
Subtotal	<u>85,261</u>	<u>70.5</u>	<u>69,531</u>	<u>64.2</u>	<u>131,133</u>	<u>67.8</u>
Gains						
Foreign exchange income, net	415	0.3	6,204	5.7	—	—
Gains on disposal of investments at:						
Wealth management products	18,230	15.1	18,286	16.9	6,521	3.4
Equity investments at fair value through profit or loss	—	—	311	0.3	12,095	6.2
Gains on disposal of items of property, plant and equipment and right-of-use assets	62	0.1	3,283	3.0	1,009	0.5
Fair value gains on:						
Wealth management products	1,602	1.3	7,407	6.8	16,030	8.3
Equity investments at fair value through profit or loss	—	—	3,147	2.9	26,479	13.7
Others	15,393	12.7	140	0.2	111	0.1
Subtotal	<u>35,702</u>	<u>29.5</u>	<u>38,778</u>	<u>35.8</u>	<u>62,245</u>	<u>32.2</u>
Total	<u>120,963</u>	<u>100.0</u>	<u>108,309</u>	<u>100.0</u>	<u>193,378</u>	<u>100.0</u>

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) employee compensation for our selling and marketing personnel, (ii) promotion expenses in relation to marketing campaigns, brand-building activities, and public relations, and (iii) equity-settled share-based payment expenses associated with equity incentive granted to sales and marketing personnel.

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The following table sets forth a breakdown of our selling and marketing expenses in absolute amount and as a percentage of our total selling and marketing expenses for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Employee compensation	140,485	70.7	181,071	77.3	188,213	72.8
Promotion expenses	17,583	8.9	20,506	8.8	20,273	7.8
Equity-settled share-based transactions	24,866	12.5	13,644	5.8	30,712	11.9
Others ⁽¹⁾	15,637	7.9	18,963	8.1	19,252	7.5
Total	198,571	100.0	234,184	100.0	258,450	100.0

(1) Consists primarily of rental and utilities expenses, depreciation and amortization, and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our selling and marketing expenses were RMB198.6 million, RMB234.2 million, and RMB258.5 million, respectively, representing 7.6%, 7.0%, and 6.6% of our total revenue, respectively.

Administrative Expenses

Our administrative expenses consist primarily of (i) employee compensation for our administrative and management personnel, (ii) depreciation and amortization, (iii) professional services fees incurred in relation to legal, audit, consulting services, (iv) equity-settled share-based transactions expenses in relation to equity incentives granted to management and administrative staff, (v) travel expenses primarily for management and support personnel business trips, and (vi) rental and utilities expenses mainly for office spaces.

The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Employee compensation	49,055	53.7	63,392	59.8	68,410	54.4
Depreciation and amortization	5,673	6.2	7,845	7.4	12,978	10.3
Professional service fees	9,339	10.2	7,487	7.1	8,692	6.9
Equity-settled share-based transactions	10,887	11.9	6,165	5.8	11,580	9.2
Travel expenses	2,143	2.3	2,495	2.4	2,669	2.1
Rental and utilities expenses	2,200	2.4	1,265	1.2	2,773	2.2
Others ⁽¹⁾	12,112	13.3	17,437	16.3	18,772	14.9
Total	91,409	100.0	106,086	100.0	125,874	100.0

(1) Consists primarily of office expenses, business entertainment expenses and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our administrative expenses were RMB91.4 million, RMB106.1 million and RMB125.9 million, respectively, representing 3.5%, 3.2% and 3.2% of our total revenue, respectively.

Research and Development Expenses

Our research and development expenses consist primarily of (i) employee compensation for our research and development personnel, (ii) materials, expenses, including raw materials and consumables

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used in product designs during research and development process, (iii) depreciation and amortization, mainly in relation to R&D equipment and facilities, and (iv) equity-settled share-based transaction expenses in relation to equity incentives granted to our R&D personnel.

The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Employee compensation	457,336	62.0	599,839	68.9	676,125	64.7
Materials expenses	77,342	10.5	85,454	9.8	124,697	11.9
Depreciation and amortization	66,351	9.0	74,837	8.6	88,812	8.5
Equity-settled share-based transactions	81,560	11.1	64,616	7.4	115,537	11.1
Others ⁽¹⁾	54,485	7.4	46,001	5.3	40,024	3.8
Total	737,074	100.0	870,747	100.0	1,045,195	100.0

(1) Consists primarily of rental and utilities expenses and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our research and development expenses were RMB737.1 million, RMB870.7 million and RMB1,045.2 million, respectively, representing 28.2%, 26.0% and 26.8% of our total revenue, respectively.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net consist primarily of impairment losses for movement in loss allowance for trade and bills receivables at amortized cost, and movement in loss allowance for other receivables and contract assets. We recorded impairment losses on financial and contract assets, net of RMB1.7 million, RMB1.1 million, and RMB2.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Other Expenses

Our other expenses consist primarily of (i) foreign exchange losses, and (ii) fair value losses on equity investment and wealth management products. We recorded other expenses of RMB3.7 million, RMB2.6 million and RMB9.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs consist primarily of amortization of interest expense on redemption financial liabilities, interest expenses on lease liabilities and borrowings. We recorded finance costs of RMB2.3 million, RMB2.2 million and RMB12.0 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Share of (Losses)/Profits of Associates

We recorded share of (losses)/profits of associates of RMB(7.7) million, RMB12.6 million and RMB7.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

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Income Tax Credit/(Expense)

Our income tax credit/(expense) primarily consists of (i) current income tax charged for the year, (ii) deferred income tax. We recorded income tax credit of RMB15.8 million and RMB6.4 million, respectively, in 2023 and 2024. We recorded income tax expense of RMB15.5 million in 2025. We recorded tax credits in 2023 and 2024 primarily due to significant R&D deductions, notwithstanding our profitable status. In 2025, despite a further expansion in our profit scale, the deductible R&D expenses declined compared to the preceding years, resulting in the recognition of income tax expenses.

In 2023, 2024 and 2025, our effective tax rates, calculated as our income tax expense/(credit) divided by our profit before tax, were (6.2)%, (1.3)%, and 2.8%, respectively, which were lower than the 25% statutory rate primarily because we and certain subsidiaries enjoyed preferential tax treatments.

Chinese Mainland

Our income tax provision in respect of our operations in the Chinese Mainland was calculated at a tax rate of 25% during the Track Record Period, based on the existing legislation, interpretation and practices in respect thereof.

Certain of our subsidiaries in the Chinese Mainland were approved as High-tech enterprises, and they were subject to a preferential corporate income tax rate of 15% during the Track Record Period. See Note 11 to the Accountants' Report included in Appendix I to this prospectus for more details.

Hong Kong

The first HKD2,000,000 of assessable profits of Hong Kong subsidiaries are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% on the estimated assessable profits. SG MICRO (HK) LIMITED was entitled to enjoy offshore tax exemption from the Hong Kong Inland Revenue Department due to its offshore transaction nature for the Relevant Periods.

See Note 11 to the Accountants' Report included in Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in jurisdictions we operate in, and we had no disputes or unresolved tax issues with the relevant tax authorities.

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

We generated substantially all of our revenue from sales of products. Our revenue increased by 16.5% from RMB3,347.0 million in 2024 to RMB3,898.1 million in 2025, primarily attributable to an increase in our revenue generated from sales of signal chain ICs and power management ICs, mainly due to the increased sales volume in line with the increasing demand from end customers. Specifically,

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the analog IC market has begun to recover since 2024, and driven by the continued adoption of AI applications, the demand for analog ICs expanded, according to Frost & Sullivan.

- *Power Management ICs.* Our revenue generated from sales of power management ICs increased by 9.1% from RMB2,181.7 million in 2024 to RMB2,379.8 million in 2025, primarily due to an increase in our sales volume of power management ICs from 3,934.6 million units in 2024 to 5,022.8 million units in 2025, which was due to an increasing demand from end customers.
- *Signal Chain ICs.* Our revenue generated from sales of signal chain ICs increased by 27.2% from RMB1,156.7 million in 2024 to RMB1,471.0 million in 2025, primarily due to an increase in our sales volume of signal chain ICs from 2,012.7 million units in 2024 to 2,792.6 million units in 2025, mainly due to (i) growing demand from end customers, in particular, the strong demand from the industrial applications sector; and (ii) the continuous expansion of our customer base and product portfolio through continuous market expansion and the launch of new products.

Cost of Sales

Our cost of sales increased by 18.7% from RMB1,766.1 million in 2024 to RMB2,095.6 million in 2025, which was generally in line with our sales expansion and business growth.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 14.0% from RMB1,580.8 million in 2024 to RMB1,802.5 million in 2025, primarily due to the growth in the sales volume of our products in 2025 as the result of the recovery of the market. Our overall gross margin was 47.2% in 2024 and 46.2% in 2025, remaining at a relatively stable level.

Other Income and Gains

Our other income and gains increased by 78.5% from RMB108.3 million in 2024 to RMB193.4 million in 2025, primarily attributable to (i) an increase in government grants from RMB37.8 million in 2024 to RMB101.1 million in 2025, and (ii) an increase in fair value gains on equity investments at fair value through profit or loss of RMB23.3 million.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 10.4% from RMB234.2 million in 2024 to RMB258.5 million in 2025, primarily due to an increase in employee compensation, driven by the expansion of our sales team.

Administrative Expenses

Our administrative expenses increased by 18.7% from RMB106.1 million in 2024 to RMB125.9 million in 2025, primarily due to an increase in employee compensation for our administrative and management personnel due to the growing headcount and salaries.

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Research and Development Expenses

Our research and development expenses increased by 20.0% from RMB870.7 million in 2024 to RMB1,045.2 million in 2025, primarily due to (i) an increase in employee compensation as a result of the increased compensation standards for our R&D team and the expansion of our R&D team, (ii) an increase in R&D materials expenses in line with our business growth, and (iii) an increase in depreciation and amortization expenses mainly due to the increases in electronic design automation tools and increases in depreciation of right-of-use assets and R&D-related equipment.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net increased from RMB1.1 million in 2024 to RMB2.5 million in 2025, primarily due to the credit loss provided for contract assets and trade and bills receivables.

Other Expenses

Other expenses increased by 265.4% from RMB2.6 million in 2024 to RMB9.5 million in 2025, primarily due to changes in exchange losses.

Finance Costs

Our finance costs increased by 445.5% from RMB2.2 million in 2024 to RMB12.0 million in 2025, primarily due to an increase in our amortization of interest expense on redemption financial liabilities in 2025.

Share of Profits of Associates

We recorded share of profits of associates of RMB12.6 million, and RMB7.5 million in 2024 and 2025, respectively. The changes in share of profits of associates were due to the changes in the operational and financial performance of our investees.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB6.4 million in 2024 and income tax expense of RMB15.5 million in 2025. Our effective tax rate slightly increased from (1.3)% in 2024 to 2.8% in 2025, primarily due to growth in our revenue and profit in 2025.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 8.8% from RMB491.2 million in 2024 to RMB534.4 million in 2025.

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

Revenue

Our revenue increased by 28.0% from RMB2,615.7 million in 2023 to RMB3,347.0 million in 2024, primarily attributable to an increase in our revenue generated from sales of our products, mainly due to the increased sales volume in line with our growing business scale. Besides, according to Frost &

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Sullivan, consumer electronics shipments began to recover in 2024, partially supported by AI-related infrastructure upgrades, and the analog IC market accordingly resumed its growth trajectory in 2024.

- *Power Management ICs.* Our revenue generated from sales of power management ICs increased by 25.0% from RMB1,746.0 million in 2023 to RMB2,181.7 million in 2024, primarily due to an increase in our sales volume of power management ICs from 3,060.6 million units in 2023 to 3,934.6 million units in 2024, which was due to growing demand from end customers in the consumer electronics sector, driven by the recovery of the analog IC market in 2024.
- *Signal Chain ICs.* Our revenue generated from sales of signal chain ICs increased by 33.8% from RMB864.2 million in 2023 to RMB1,156.7 million in 2024, primarily due to an increase in our sales volume of signal chain ICs from 1,427.4 million units in 2023 to 2,012.7 million units in 2024, mainly due to (i) the gradual recovery of the analog IC market; (ii) growing demand from end customers, with recovery in application areas such as industrial & energy, networking & computing, and consumer electronics sectors; and (iii) our continuous efforts to expand our customer base and product offerings.

Cost of Sales

Our cost of sales increased by 22.6% from RMB1,440.2 million in 2023 to RMB1,766.1 million in 2024, which was generally in line with our sales expansion and business growth.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 34.5% from RMB1,175.6 million in 2023 to RMB1,580.8 million in 2024, and our overall gross margin was 44.9% in 2023 and 47.2% in 2024, mainly due to the market recovery in 2024 and the change of our product mix.

Other Income and Gains

Our other income and gains decreased by 10.5% from RMB121.0 million in 2023 to RMB108.3 million in 2024, primarily attributable to the decrease in government grants from RMB50.5 million in 2023 to RMB37.8 million in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 17.9% from RMB198.6 million in 2023 to RMB234.2 million in 2024, primarily due to an increase in employee compensation, driven by the expansion of our sales team.

Administrative Expenses

Our administrative expenses increased by 16.1% from RMB91.4 million in 2023 to RMB106.1 million in 2024, primarily due to an increase in employee compensation for our administrative and management personnel due to the growing headcount.

Research and Development Expenses

Our research and development expenses increased by 18.1% from RMB737.1 million in 2023 to RMB870.7 million in 2024, primarily due to (i) an increase in employee compensation primarily attributable to the rising R&D staff headcounts, and (ii) an increase in R&D materials expenses in line with our R&D development and business growth.

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Impairment Losses on Financial and Contract Assets, Net

We recorded impairment losses on financial and contract assets, net of RMB1.7 million in 2023, compared to RMB1.1 million in 2024, respectively.

Other Expenses

Other expenses decreased by 29.5% from RMB3.7 million in 2023 to RMB2.6 million in 2024, primarily due to changes in fair value gains and losses.

Finance Costs

Our finance costs were RMB2.3 million in 2023 and RMB2.2 million in 2024, remaining at a relatively stable level.

Share of (Losses)/Profits of Associates

We recorded share of losses of associates of RMB7.7 million in 2023. In 2024, we recorded share of profits of associates of RMB12.6 million. The changes in share of (losses)/profits of associates were due to the changes in the operational and financial performance of our investees.

Income Tax Credit

Our income tax credit decreased by 59.6% from RMB15.8 million in 2023 to RMB6.4 million in 2024, and our effective tax rate increased from (6.2)% in 2023 to (1.3)% in 2024, primarily attributable to the market recovery and substantial growth in our revenue and profit in 2024, and the growth in our profit outpaced the growth in our research and development expenses in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 82.0% from RMB269.9 million in 2023 to RMB491.2 million in 2024.

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DISCUSSION OF CERTAIN KEY ITEMS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated balance sheets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current assets			
Property, plant and equipment	545,191	691,094	711,825
Other intangible assets	33,743	52,837	85,978
Right-of-use assets	61,747	52,060	38,837
Goodwill	80,875	78,692	301,277
Deferred tax assets	161,791	175,896	151,264
Investments in associates	423,360	508,329	555,364
Time deposits	10,182	379,427	371,754
Financial assets at fair value through profit or loss	109,163	121,849	115,991
Other non-current assets	32,336	20,321	23,371
Total non-current assets	1,458,388	2,080,505	2,355,661
Current assets			
Inventories	901,367	1,164,817	1,448,216
Trade and bills receivables at amortised cost	166,472	232,764	362,830
Trade and bills receivables at fair value through other comprehensive income	—	—	260
Contract assets	—	—	2,084
Prepayments, other receivables and other assets	86,236	100,084	137,634
Financial assets at fair value through profit or loss	769,093	1,378,000	1,340,087
Cash and cash equivalents	1,303,007	813,194	1,181,028
Time deposits	—	—	81,810
Restricted cash	22,289	1,755	44,540
Total current assets	3,248,464	3,690,614	4,598,489
Current liabilities			
Trade payables	264,141	316,000	400,910
Other payables and accruals	321,780	478,419	470,629
Interest-bearing bank borrowings	—	36,579	329,729
Lease liabilities	17,884	19,565	12,752
Contract liabilities	14,894	18,307	18,389
Total current liabilities	618,699	868,870	1,232,409
Net current assets	2,629,765	2,821,744	3,366,080
Total assets less current liabilities	4,088,153	4,902,249	5,721,741
Non-current liabilities			
Interest-bearing bank borrowings	—	34,121	67,172
Lease liabilities	26,992	14,370	7,767
Deferred tax liabilities	50,240	56,726	54,799
Other payables and accruals	45,581	72,071	8,703
Deferred income	71,516	75,701	68,195
Other non-current liabilities	50,000	50,000	187,999
Total non-current liabilities	244,329	302,989	394,635
Net assets	3,843,824	4,599,260	5,327,106
Equity			
Share capital	469,487	473,450	620,063
Reserves	3,381,060	4,135,777	4,674,322
Equity attributable to owners of the parent	3,850,547	4,609,227	5,294,385
Non-controlling interests	(6,723)	(9,967)	32,721
Total equity	3,843,824	4,599,260	5,327,106

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We recorded net assets of RMB3,843.8 million, RMB4,599.3 million and RMB5,327.1 million as of December 31, 2023, 2024 and 2025, respectively. We also recorded net current assets of RMB2,629.8 million, RMB2,821.7 million and RMB3,366.1 million as of December 31, 2023, 2024 and 2025, respectively, which were primarily due to the growth of our business scale.

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, special tooling, electronic equipment and others, construction in progress and leasehold improvements.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Buildings	154,071	327,150	317,909
Electronic equipment and others	185,546	213,776	216,819
Special tooling	109,225	135,152	168,118
Office furniture	5,878	5,495	4,564
Construction in progress	76,119	—	—
Leasehold improvements	14,291	9,491	4,409
Motor vehicles	61	30	6
Total	545,191	691,094	711,825

Our property, plant and equipment increased from RMB545.2 million as of December 31, 2023 to RMB691.1 million as of December 31, 2024, primarily due to (i) additions of buildings of RMB173.1 million in relation to the expansion of our R&D center and office buildings, and (ii) additions of electronic equipment and others and special tooling of RMB28.2 million and RMB25.9 million, respectively.

Our property, plant and equipment increased from RMB691.1 million as of December 31, 2024 to RMB711.8 million as of December 31, 2025, primarily due to additions of special tooling of RMB33.0 million, and partially offset by the decrease in buildings of RMB9.2 million.

Right-of-Use Assets

The right-of-use assets primarily represent our buildings, land use rights, and parking space use rights. Our right-of-use assets decreased from RMB61.7 million as of December 31, 2023 to RMB52.1 million as of December 31, 2024, and further to RMB38.8 million as of December 31, 2025, mainly attributable to the depreciation of right-of-use assets.

Goodwill

Our goodwill slightly decreased from RMB80.9 million as of December 31, 2023 to RMB78.7 million as of December 31, 2024, mainly due to the recognition of an impairment loss on the RMB2.2 million goodwill. Our goodwill significantly increased from RMB78.7 million as of December 31, 2024 to RMB301.3 million as of December 31, 2025, primarily due to our acquisitions in 2025.

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. See Note 18 to the Accountants' Report included in Appendix I to this prospectus for more details. Goodwill acquired through business combinations is allocated to the group of Cash-Generating Units ("CGU" or "CGUs") for impairment testing.

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The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As of December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Suzhou Qingxinfang	49,851	49,851	49,851
Shanghai Fangtai	16,555	16,555	16,555
Dalian Alpha	7,929	7,929	7,929
Hangzhou Shenan	4,357	4,357	4,357
Shanghai Pingsheng	2,183	—	—
Changzhou Ganrui	—	—	151,360
TeraDevices Inc	—	—	71,225
Total	<u>80,875</u>	<u>78,692</u>	<u>301,277</u>

Impairment reviews on the goodwill of our Group have been conducted by the management as of December 31, 2023, 2024 and 2025, according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amounts of CGU or group of CGUs are determined based on value in use (“VIU”) calculations by using the discounted cash flow method covering a 5-year period.

Our management has assessed that Suzhou Qingxinfang, Changzhou Ganrui and TeraDevices Inc. were material CGUs. Assumptions were used in the value in use calculation. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Revenue growth rate—The basis used to determine the budgeted revenue is based on our management’s expectation and also expectations of the future market.

Gross profit margin—Estimated based on our historical experience and forecast of the semiconductor markets.

Pre-tax discount rate—Estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk-free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

(a) Suzhou Qingxinfang

The pre-tax discount rates used for VIU calculation for the impairment test as of December 31, 2023, 2024 and 2025 are 16.83%, 16.23%, and 14.31%, respectively.

The gross profit margin used for VIU calculation for the impairment test as of December 31, 2023, 2024 and 2025 are 47.07%, 35.68%, and 41.07%, respectively.

The revenue growth rate used for VIU calculation for the impairment test as of December 31, 2023, 2024 and 2025 are 268.38%, 331.83%, and 224.46%, respectively.

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For the sensitivity analysis conducted during the impairment review for material CGUs, Suzhou Qingxinfang, had there been reasonably possible changes with an increase in pre-tax discount rate by 1%, a decrease in gross profit margin by 2% or a decrease in revenue growth rate by 5%, if one of the key assumptions was to change while other variables held constant, the recoverable amount would decrease by:

	As of December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Pre-tax discount rate increases by 1%	8,186	9,330	12,600
Gross profit margin decreases by 2%	8,297	12,365	15,100
Revenue growth rate decrease by 5%	9,142	8,248	21,800

Based on management's assessment on the recoverable amounts, the headroom of material CGUs is as follows:

	As of December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Suzhou Qingxinfang	51,171	61,377	41,089

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as of December 31, 2023, 2024 and 2025, respectively.

(b) Changzhou Ganrui

The pre-tax discount rate used for VIU calculation for the impairment test as of December 31, 2025 is 12.51%.

The gross profit margin used for VIU calculation for the impairment test as of December 31, 2025 is 48.65%.

The revenue growth rate used for VIU calculation for the impairment test as of December 31, 2025 is 50.80%.

For the sensitivity analysis conducted during the impairment review for material CGUs, Changzhou Ganrui, had there been reasonably possible changes with an increase in pre-tax discount rate by 1%, a decrease in gross profit margin by 2% or a decrease in revenue growth rate by 2%, if one of the key assumptions was to change while other variables held constant, the recoverable amount would decrease by:

	December 31 2025
	<i>RMB'000</i>
Pre-tax discount rate increases by 1%	37,000
Gross profit margin decreases by 2%	36,900
Revenue growth rate decreases by 2%	29,000

Based on management's assessment on the recoverable amounts, the headroom of material CGUs is as follows:

	December 31 2025
	<i>RMB'000</i>
Changzhou Ganrui	64,825

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As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as of December 31, 2025.

(c) TeraDevices Inc

The pre-tax discount rate used for VIU calculation for the impairment test as of December 31, 2025 is 16.91%.

The gross profit margin used for VIU calculation for the impairment test as of December 31, 2025 is 55.48%.

The revenue growth rate used for VIU calculation for the impairment test as of December 31, 2025 is 11.96%.

For the sensitivity analysis conducted during the impairment review for material CGUs, TeraDevices Inc, had there been reasonably possible changes with an increase in pre-tax discount rate by 0.5%, a decrease in gross profit margin by 0.5% or a decrease in revenue growth rate by 1%, if one of the key assumptions was to change while other variables held constant, the recoverable amount would decrease by:

	December 31, 2025
	<i>RMB'000</i>
Pre-tax discount rate increases by 0.5%	3,620
Gross profit margin decreases by 0.5%	2,420
Revenue growth rate decreases by 1%	4,030

Based on management's assessment on the recoverable amounts, the headroom of material CGUs is as follows:

	December 31, 2025
	<i>RMB'000</i>
TeraDevices Inc.	4,377

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as of December 31, 2025.

Deferred Tax Assets

Our deferred tax assets primarily consist of share-based payments, losses available for offsetting against future taxable profits, accruals and provisions and impairment of assets. Our deferred tax assets increased from RMB161.8 million as of December 31, 2023 to RMB175.9 million as of December 31, 2024, primarily due to the significant R&D investment in 2024, and the amount of additional deduction for R&D expenses deductible before tax was substantial, resulting in an increase in deductible tax losses. Our deferred tax assets decreased to RMB151.3 million as of December 31, 2025, primarily due to the increase in our profit in 2025 and a decrease in tax losses available for offsetting against future taxable profits.

Investments in Associates

Our investments in associates as of December 31, 2023, 2024 and 2025 mainly relate to our investment in our associate companies. As of December 31, 2023 and 2024, our investments in

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associates increased from RMB423.4 million to RMB508.3 million, mainly attributable to our increased investment in our associates. Our investments in associates further increased to RMB555.4 million as of December 31, 2025, mainly attributable to the operational and financial performance of our investees.

Financial Assets at Fair Value through Profit or Loss

We had financial assets at fair value through profit or loss of RMB878.3 million, RMB1,499.8 million and RMB1,456.1 million, as of December 31, 2023, 2024 and 2025, respectively.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current:			
Listed equity investments, at fair value	31,916	35,257	11,424
Other unlisted investments, at fair value	77,247	86,592	104,567
Current:			
Wealth management products	769,093	1,378,000	1,340,087
Total	878,256	1,499,849	1,456,078

Our financial assets at fair value through profit or loss consisted of our investments in redeemable short-term wealth management products. The wealth management products were issued by banks in the Chinese Mainland and were classified as our financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The changes in our financial assets at fair value through profit or loss during the Track Record Period were primarily due to our redemption of certain wealth management products according to our cash management strategies aimed at optimizing liquidity and returns.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. We strictly control risks in accordance with relevant regulations, conduct strict evaluations of wealth management products, and we purchase low-risk wealth management products with high safety and liquidity. These products mainly include bank wealth management products issued by commercial banks. The investment in these assets will be subject to compliance with Chapter 14 of the Listing Rules after the Listing.

Specifically, we exclusively invest in low-risk (PR1 or PR2), high-liquidity wealth management products with tenors not exceeding 12 months, issued by reputable financial institutions. Each investment is preceded by stringent due diligence, including analysis of underlying assets, to align with our funding needs and risk appetite.

Governance of the short-term investment activities is centrally managed. The annual investment quota of wealth management products is approved by the Board meeting and Shareholders' general meeting, with funds usable on a revolving basis within the approved period. The chairman of the Board is authorized to make investment decisions within this quota. Our finance department is responsible for the management of our wealth management products' subscriptions and provides continuous monitoring and proactive risk mitigation. Our finance department is equipped with professionals who possess the necessary expertise to assess investment risks and potential returns. Furthermore, the internal audit department conducts regular independent audits to ensure the integrity of the process.

Our financial assets measured at fair value through profit or loss as of December 31, 2023, 2024 and 2025, also included our equity investment in certain unlisted and listed companies. We make

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investment decisions on a case-by-case basis based on the consideration of a number of factors, including the investee’s operating history, the growth potential of the investee as well as the investee’s potential to generate synergies with our existing operations. We closely monitor the operational and financial performance of our investee companies.

Inventories

Our inventories mainly consist of (i) raw materials, including untested foundry-manufactured wafers, (ii) work in progress, and (iii) finished goods. The following table sets forth our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	597,642	745,999	836,639
Finished goods	372,175	521,099	686,946
Work in progress	150,555	164,305	234,568
Contract costs	—	—	493
Less: Provision for impairment	<u>(219,005)</u>	<u>(266,586)</u>	<u>(310,430)</u>
Total	<u>901,367</u>	<u>1,164,817</u>	<u>1,448,216</u>

Our inventories increased from RMB901.4 million as of December 31, 2023 to RMB1,164.8 million as of December 31, 2024, and further to RMB1,448.2 million as of December 31, 2025, primarily due to the inventories held in stock to meet the increasing demands.

As of December 31, 2023, 2024 and 2025, our provision for inventories was RMB219.0 million, RMB266.6 million and RMB310.4 million, respectively. Our Directors consider that sufficient provision for inventories had been made. During the Track Record Period, we had not encountered any material impairment loss that has materially and adversely affected our business operations. We believe maintaining appropriate levels of inventories dynamically helps us fully address our customers’ demand and achieve customer satisfaction without adversely affecting our liquidity. We have in place a set of policies and procedures to manage our inventories. See “Business—Logistics and Inventory Management—Inventory Management” for more details.

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

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	203	214	228

Note:

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of our inventory balances of a period divided by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our inventory turnover days were primarily affected by production cycles and other related factors that we take into consideration in ensuring timely supply. Generally, the entire production cycle for our ICs takes approximately 75 days to 105 days. According to Frost & Sullivan, our length of production cycle is in line with market practice. The inventory turnover days increased slightly from 203 days in 2023 to 214 days in 2024, and further increased to 228 days in 2025, primarily due to an increase in inventory in anticipation of an increase in customers’ demand.

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To effectively manage our inventory levels, we employ strict control policies and an inventory management system that allows for timely monitoring so that we can adjust our inventory level based on existing orders and projected sales. This framework is underpinned by our integrated SAP and WMS platforms, which provide robust capabilities for inventory oversight. In addition, our management, procurement, sales, and financial departments collaborate closely to enhance our inventory management system. We disseminate the latest inventory updates to the sales and marketing team regularly, ensuring alignment with market demands to mitigate inventory obsolescence, prevent production surpluses, and optimize inventory turnover days. Additionally, we closely monitor the level of finished goods inventory. Specifically, our warehouse specialists regularly perform periodic stock counts and evaluations. Our production planning specialists refer to inventory levels when formulating procurement plans. The production planning manager performs inventory analysis based on inventory conditions and formulates new production plans. We conduct regular follow-ups with sales personnel to evaluate the sales performance of aged inventory items and also hold regular interdepartmental discussions to review sales orders alongside procurement activities, promoting a coordinated approach to inventory management.

The following table sets forth an aging analysis of our inventories as of the date indicated. The inventories aging within one year were RMB756.9 million, RMB984.2 million and RMB1,304.0 million as of December 31, 2023, 2024 and 2025, respectively, representing 84.0%, 84.5% and 90.0% of the total inventories, respectively.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	756,855	984,212	1,303,997
Over one year	144,512	180,605	144,219
Total	<u>901,367</u>	<u>1,164,817</u>	<u>1,448,216</u>

As of April 30, 2026, RMB796.2 million, or 55.0% of our inventories outstanding as of December 31, 2025, had been sold or utilized. We do not foresee any material impairment issues with the balance of our inventories, considering that (i) we have established a systematic inventory risk management and internal control system, leveraging the WMS system to achieve full-lifecycle inventory control. We continuously refine our inventory management processes to prevent and mitigate various operational risks associated with inventory; (ii) during the Track Record Period, the long-aged inventories were at a relatively low level; and (iii) we monitor our inventories carefully, and we comprehensively consider factors such as aging, estimated selling prices, historical sales volume, and stock quantities. We believe we have made adequate provisions for inventory impairment.

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Trade and Bills Receivables

Our trade and bills receivables mainly consist of outstanding amounts from customers for the sale of our products. The following table sets forth the details of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables	169,576	237,093	372,289
Bills receivables	—	—	1,118
Less: Impairment	(3,104)	(4,329)	(10,577)
Total	166,472	232,764	362,830

Our trade and bills receivables increased from RMB166.5 million as of December 31, 2023 to RMB232.8 million as of December 31, 2024, and further to RMB362.8 million as of December 31, 2025, as a result of our business expansion and sales growth.

As of December 31, 2023, 2024 and 2025, we made provisions for the impairment of our trade and bills receivables of RMB3.1 million, RMB4.3 million and RMB10.6 million, respectively. During the Track Record Period, we did not experience any significant losses associated with our trade and bills receivables and the increase in our trade and bills receivables did not have any material adverse impact on our liquidity or cash flows.

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

	For the Year Ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days ⁽¹⁾	20	22	29

(1) The trade and bills receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of our trade and bills receivables in that period by revenue for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our trade and bills receivables turnover days remained relatively stable at 20 days in 2023, 22 days in 2024 and 29 days in 2025.

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Not due and within one year	166,472	232,764	359,716
Over one year	—	—	1,996
Total	166,472	232,764	361,712

As of April 30, 2026, approximately RMB347.1 million, or 93.0% of our trade and bills receivables outstanding as of December 31, 2025, had been subsequently settled.

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Prepayments, Other Receivables, and Other Assets

Our prepayments, other receivables and other assets primarily consist of prepayments for the purchase of raw materials and products, value-added tax recoverable, prepaid income tax, deposits and dividend receivables. The following table sets forth the details of our prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Prepaid income tax	8,406	18,013	29,885
Rights of return assets	22,883	34,536	17,018
Deductible input value-added tax (“VAT”)	39,839	24,804	36,131
Deposits	10,961	10,713	8,871
Prepayment for raw materials and products	1,510	1,653	5,280
Dividend receivable	—	2,158	—
Listing fees	—	—	20,371
Prepayments for packaging and testing	—	—	10,050
Others	4,579	10,032	11,769
Less: Impairment allowance	(1,942)	(1,825)	(1,741)
Total	86,236	100,084	137,634

Our prepayments and other receivables increased from RMB86.2 million as of December 31, 2023 to RMB100.1 million as of December 31, 2024, primarily due to the increase in prepaid income tax and rights of return assets.

Our prepayments and other receivables increased from RMB100.1 million as of December 31, 2024 to RMB137.6 million as of December 31, 2025, primarily due to the increase in prepaid income tax, deductible input value-added tax and prepayment for raw materials and products.

As of April 30, 2026, approximately RMB54.6 million, or 39.7% of our prepayments, other receivables, and other assets as of December 31, 2025, had been subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB1,303.0 million, RMB813.2 million and RMB1,181.0 million, respectively, as of December 31, 2023, 2024 and 2025. Our cash and cash equivalents primarily consist of cash held at banks and other financial institutions, and the fluctuation of our cash and cash equivalents positions at each period end was primarily due to the use of cash to support operating activities and cash outflows from investing activities.

Liabilities

Trade Payables

Our trade payables primarily include payments to our suppliers for raw materials and packaging and testing services during the ordinary course of our business.

Our trade payables increased from RMB264.1 million as of December 31, 2023 to RMB316.0 million as of December 31, 2024, and further increased to RMB400.9 million as of December 31, 2025, primarily due to the increase in procurement of raw materials, and packaging and testing services to support our expanding production and business operations.

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The following table sets forth our trade payables turnover days for the years indicated.

	For the Year Ended		
	December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	70	60	62

(1) The trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our trade payables turnover days decreased from 70 days in 2023 to 60 days in 2024, primarily because the proportion of purchases with shorter payment terms in 2024 increased compared to 2023, and these purchases with shorter payment terms primarily consist of raw material purchases. Our trade payables turnover days remained relatively stable at 60 days in 2024 and 62 days in 2025.

Our Directors confirm that we did not have any material defaults on payments of trade payables during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth an aging analysis of our trade payables as of the date indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one month	213,586	277,101	308,775
Over one month but less than two months	46,517	38,783	71,211
Over two months but less than three months	4,038	112	20,869
Over three months	—	4	55
Total	<u>264,141</u>	<u>316,000</u>	<u>400,910</u>

As of April 30, 2026, approximately RMB393.7 million, or 98.2% of our trade payables outstanding as of December 31, 2025, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of payroll and welfare payable, provision for expected sales return, payables for additions property, plant and equipment and other tax payables.

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Payroll and welfare payables	247,163	358,261	348,522
Liabilities for expected sales return and warranty	45,581	72,071	65,867
Other tax payable	20,967	16,246	13,856
Payable for technological development	24,572	18,427	7,516
Payables for additions of property, plant and equipment	1,344	58,676	14,543
Others	27,734	26,809	29,028
Total	<u>367,361</u>	<u>550,490</u>	<u>479,332</u>

Our other payables and accruals increased from RMB367.4 million as of December 31, 2023 to RMB550.5 million as of December 31, 2024, primarily due to (i) an increase in payroll and welfare

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payables driven by the increase in the number of our employees, and (ii) an increase in payables for additions of property, plant and equipment to support our expanding business operations.

Our other payables and accruals decreased from RMB550.5 million as of December 31, 2024 to RMB479.3 million as of December 31, 2025, primarily due to the decrease in payables for additions of property, plant and equipment as the relevant projects were completed in 2025.

As of April 30, 2026, approximately RMB303.3 million, or 63.3% of our other payables and accruals as of December 31, 2025, had been subsequently settled.

Interest-bearing Bank Borrowings

Interest-bearing bank borrowings consist primarily of loans from commercial banks in China. Our interest-bearing bank borrowings increased from nil as of December 31, 2023 to RMB70.7 million as of December 31, 2024, and further to RMB396.9 million as of December 31, 2025, indicating that we have broadened our financing channels. See “—Indebtedness—Interest-bearing Bank Loans” for more details.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded non-current lease liabilities of RMB27.0 million, RMB14.4 million and RMB7.8 million, respectively, as of December 31, 2023, 2024 and 2025. We recorded current lease liabilities of RMB17.9 million, RMB19.6 million and RMB12.8 million, as of December 31, 2023, 2024 and 2025, respectively.

Contract Liabilities

Our contract liabilities primarily represent the prepayments we received from certain customers for sales of our products. Our contract liabilities amounted to RMB14.9 million as of December 31, 2023, RMB18.3 million as of December 31, 2024, and RMB18.4 million as of December 31, 2025.

As of April 30, 2026, approximately RMB17.4 million, or 94.7% of our total contract liabilities as of December 31, 2025, had been recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of raw materials, research and development, sales and marketing activities, and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from cash generated from our operations and bank borrowings. After the Global Offering, we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and net proceeds from the Global Offering. As of December 31, 2023, 2024 and 2025, and April 30, 2026, we had cash and cash equivalents of RMB1,303.0 million, RMB813.2 million, RMB1,181.0 million and RMB914.1 million, respectively. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

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Cash Flows

The following table sets forth our selected cash flow data for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows from operating activities	161,796	534,149	434,379
Net cash flows used in investing activities	(541,119)	(1,248,316)	(432,709)
Net cash flows from financing activities	39,315	214,004	384,746
Net increase/(decrease) in cash and cash equivalents	(340,008)	(500,163)	386,416
Cash and cash equivalents at beginning of the year	1,638,363	1,303,007	813,194
Effect of foreign exchange rate changes, net	4,652	10,350	(18,582)
Cash and cash equivalents at end of the year	<u>1,303,007</u>	<u>813,194</u>	<u>1,181,028</u>

Net Cash from Operating Activities

Our net cash generated from operating activities was RMB434.4 million in 2025, primarily due to our profit before tax of RMB549.9 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB150.1 million, and (b) share-based payment expenses of RMB159.1 million, and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB270.9 million, and (b) an increase in trade and bills receivables at amortised cost of RMB116.1 million.

Our net cash generated from operating activities was RMB534.1 million in 2024. This was primarily attributable to our profit before tax of RMB484.8 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB125.2 million, and (b) share-based payment expenses of RMB84.8 million, and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB263.5 million, and (b) an increase in trade and bills receivables of RMB67.5 million, which was partially offset by changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in other payables and accruals of RMB119.9 million.

Our net cash generated from operating activities was RMB161.8 million in 2023. This was primarily attributable to our profit before tax of RMB254.1 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB101.6 million, and (b) share-based payment expenses of RMB118.8 million, and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB199.4 million, (b) an increase in trade and bills receivables of RMB56.5 million, (c) a decrease in other payables and accruals of RMB42.1 million, and (d) a decrease in trade payables of RMB22.8 million.

Net Cash Used in Investing Activities

Our net cash used in investing activities was RMB432.7 million in 2025, primarily due to purchases of wealth management products of RMB5,080.0 million, purchase of subsidiaries for RMB254.1 million, and purchases of items of property, plant and equipment of RMB232.6 million, which were partially offset by proceeds from the disposal of wealth management products of RMB5,107.0 million.

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Our net cash used in investing activities was RMB1,248.3 million in 2024, primarily due to purchases of wealth management products of RMB3,165.0 million, purchase of time deposits of RMB363.0 million, and purchases of items of property, plant and equipment of RMB209.0 million, which were partially offset by proceeds from the disposal of wealth management products of RMB2,563.5 million.

Our net cash used in investing activities was RMB541.1 million in 2023, primarily due to purchases of wealth management products of RMB2,332.0 million, and purchases of items of property, plant and equipment of RMB204.0 million, which were partially offset by proceeds from the disposal of wealth management products of RMB2,092.5 million.

Net Cash from Financing Activities

Our net cash from financing activities was RMB384.7 million in 2025, primarily due to new bank loans of RMB362.6 million and proceeds from the issue of shares of RMB227.2 million, which was partially offset by the payment of dividends of RMB95.1 million, and payment of bank and other borrowings of RMB62.6 million.

Our net cash from financing activities was RMB214.0 million in 2024, primarily due to proceeds from the issue of shares of RMB214.3 million and proceeds from new bank loans of RMB70.6 million, which was partially offset by the payment of dividends of RMB47.1 million.

Our net cash from financing activities was RMB39.3 million in 2023, primarily due to proceeds from the issue of shares of RMB130.4 million, which was partially offset by the payment of dividends of RMB107.8 million.

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Current Assets and Current Liabilities

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

	As of December 31,			As of
	2023	2024	2025	April 30,
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Current assets				
Inventories	901,367	1,164,817	1,448,216	1,607,016
Trade and bills receivables at amortised cost	166,472	232,764	362,830	356,705
Trade and bills receivables at fair value through other comprehensive income	—	—	260	454
Contract assets	—	—	2,084	1,356
Prepayments, other receivables and other assets	86,236	100,084	137,634	141,622
Financial assets at fair value through profit or loss	769,093	1,378,000	1,340,087	1,735,066
Cash and cash equivalents	1,303,007	813,194	1,181,028	914,129
Time deposits	—	—	81,810	226,126
Restricted cash	22,289	1,755	44,540	44,571
Total current assets	3,248,464	3,690,614	4,598,489	5,027,045
Current liabilities				
Trade payables	264,141	316,000	400,910	453,509
Other payables and accruals	321,780	478,419	470,629	463,687
Interest-bearing bank borrowings	—	36,579	329,729	503,309
Lease liabilities	17,884	19,565	12,752	9,144
Contract liabilities	14,894	18,307	18,389	22,241
Total current liabilities	618,699	868,870	1,232,409	1,451,890
Net current assets	2,629,765	2,821,744	3,366,080	3,575,155

Our net current assets increased to RMB3,575.1 million as of April 30, 2026 from RMB3,366.1 million as of December 31, 2025, primarily due to (i) an increase of RMB158.8 million in inventories, (ii) an increase of RMB395.0 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB144.3 million in time deposits, partially offset by (i) a decrease of RMB266.9 million in cash and cash equivalents and (ii) increases of RMB52.6 million in trade payables and RMB173.6 million in interest-bearing bank borrowings.

Our net current assets increased to RMB3,366.1 million as of December 31, 2025 from RMB2,821.7 million as of December 31, 2024, primarily due to (i) an increase of RMB283.4 million in inventories, and (ii) an increase of RMB367.8 million in cash and cash equivalents, and partially offset by (i) an increase of RMB84.9 million in trade payables, and (ii) an increase of RMB293.2 million in interest-bearing bank borrowings.

Our net current assets increased to RMB2,821.7 million as of December 31, 2024, from RMB2,629.8 million as of December 31, 2023, primarily due to (i) an increase of RMB263.5 million in inventories, (ii) an increase of RMB608.9 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB66.3 million in trade and bills receivables, partially offset by (i) a decrease of RMB489.8 million in cash and cash equivalents, (ii) an increase of RMB51.9 million in trade payables, and (iii) an increase of RMB156.6 million in other payables and accruals.

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INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30, 2026
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Current				
Interest-bearing bank borrowings	—	36,579	329,729	503,309
Lease liabilities	17,884	19,565	12,752	9,144
Non-current				
Interest-bearing bank borrowings	—	34,121	67,172	34,997
Lease liabilities	26,992	14,370	7,767	17,673
Total	44,876	104,635	417,420	565,123

Interest-bearing Bank Loans

We had interest-bearing bank borrowings of nil, RMB70.7 million, RMB396.9 million and RMB538.3 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively. The effective interest rate of our interest-bearing bank loans ranged between 2.11% and 2.76% during the Track Record Period.

Among the interest-bearing bank borrowings as of December 31, 2024 and 2025, the bank borrowings amounting to RMB70.7 million and RMB396.9 million, respectively, were guaranteed by our Company and a non-controlling shareholder of a subsidiary. The guarantee provided by a non-controlling shareholder of a subsidiary has been fully released in December 2025.

As of April 30, 2026, we had banking facilities of RMB1,100.0 million, of which RMB548.1 million had not been utilized.

Lease Liabilities

Our lease liabilities including current and non-current portions, primarily relate to our leased buildings. Our lease liabilities were RMB44.9 million, RMB33.9 million, RMB20.5 million, and RMB26.8 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively, the changes in which were primarily due to our new or renewed office leases.

Indebtedness Statement

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and that our Group did not experience any difficulty in obtaining bank loans and other borrowings, material default in payment of trade and non-trade payables, bank loans and other borrowings or breach of covenants during the Track Record Period and up to the date of this prospectus.

Except as disclosed above, as of April 30, 2026, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since April 30, 2026, and up to the date of this prospectus.

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CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any contingent liabilities or guarantees.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period were primarily related to the purchase of property, plant, equipment and intangible assets. Our capital expenditures were RMB233.3 million, RMB240.3 million and RMB256.2 million, respectively, in 2023, 2024 and 2025. We intend to fund our future capital expenditures with net proceeds from equity and debt financings and the cash on our consolidated statements of financial position.

CAPITAL COMMITMENT

The table below sets forth the capital commitments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Property, plant and equipment	<u>86,257</u>	<u>22,910</u>	<u>36,717</u>

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

KEY FINANCIAL INDICATORS

The following table sets forth our selected financial indicators for the years and as of the dates indicated.

	As of or for the year ended December 31,		
	2023	2024	2025
Revenue growth rate	(17.9)%	28.0%	16.5%
Net debt-to-equity ratio ⁽¹⁾	(11.4)%	7.8%	8.4%
Current ratio ⁽²⁾	5.3	4.2	3.7
Quick ratio ⁽³⁾	3.8	2.9	2.6

(1) Net debt-to-equity ratio equals total liabilities net of cash and cash equivalents at the end of the year divided by total equity at the end of the year.

(2) Current ratio was calculated based on current assets of the respective year, divided by current liabilities.

(3) Quick ratio equals the current assets (excluding inventories) divided by current liabilities as of the date indicated.

FINANCIAL RISKS

Our activities expose us to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance.

Interest Rate Risk

Interest-bearing financial instruments at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. We determine the appropriate weightings

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of the fixed and floating rate interest-bearing instruments based on the current market conditions and perform regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The cash flow interest rate risk and fair value interest rate risk that we are exposed to are not significant.

Foreign Exchange Risk

We are exposed to foreign exchange risk arising from export sales denominated in foreign currencies. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. Further quantitative data in respect of our exposure to foreign exchange risk arising are disclosed in Note 43 to the Accountants' Report included in Appendix I to this prospectus.

Credit Risk

The carrying amounts of cash and cash equivalents, time deposits, trade and bills receivables, and other financial assets at amortized cost included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets. We do not provide any guarantees which would expose us to credit risk.

Cash and cash equivalents, time deposits and restricted cash are primarily held with state-owned or listed banks and subject to the impairment requirements of IFRS 9, and the identified impairment loss was immaterial as of December 31, 2023, 2024 and 2025.

We apply the IFRS 9 simplified approach to measuring expected credit losses ("ECLs"), which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade and bills receivables have been grouped based on shared credit risk characteristics and aging. We have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. We also made an individual assessment on the recoverability of our trade and bills receivables for certain customers based on historical settlement records. For further details of credit risk, see Note 43 to the Accountants' Report included in Appendix I to this prospectus.

Liquidity Risk

Our approach to managing liquidity risk is to ensure sufficient capital liquidity to meet our debts without incurring unacceptable losses or causing damage to our reputation. We regularly analyze our liability structure and maturity dates to ensure the maintenance of ample liquidity. Our management monitors the utilization of bank borrowings and ensures compliance with borrowing agreements. At the same time, we maintain close cooperation with financial institutions to maintain sufficient credit lines and effectively prevent and control liquidity risks. For further details of liquidity risk, see Note 43 to the Accountants' Report included in Appendix I to this prospectus.

DIVIDENDS

During the Track Record Period, we declared and paid cash dividends to our Shareholders as follows.

	<u>Year Ended December 31,</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>(RMB in thousands)</i>		
Dividends declared	<u>107,846</u>	<u>47,073</u>	<u>95,062</u>

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As of the Latest Practicable Date, we had paid these dividends in full. On April 20, 2026, we declared dividends of RMB124.1 million, which have not been fully paid.

We do not have a formal dividend policy or any pre-determined dividend payout ratio. Pursuant to the Articles of Association and in accordance with the PRC laws and regulations, such as the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies—Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修正)》), we shall, where specific conditions are met, distribute cash dividends in an amount not less than 10% of the distributable profits recorded in the current year after making up for losses and making the required appropriations to statutory reserves and surplus reserves.

Any future determination to pay dividends will be made at the discretion of our Directors and the approval at our Shareholders' meetings and may be based on a number of factors, including our future operations and earnings, capital requirements, general financial condition, and other factors that our Directors may deem relevant.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to the Group, including the estimated net proceeds from the Global Offering and the expected cash generated from operating activities, we have sufficient working capital for our current requirements and for the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our consolidated retained profits amounted to RMB2,875.6 million, available for distribution to our shareholders.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. We recorded listing expenses of nil, nil and RMB20.4 million (including deferred listing expenses) in 2023, 2024 and 2025, respectively, which were not charged to our consolidated statements of profit or loss during the Track Record Period. The estimated total listing expenses (based on the maximum Offer Price and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB87.9 million (equivalent to approximately HK\$101.0 million), accounting for approximately 2.2% of our gross proceeds from the Global Offering. The estimated total listing expenses consist of (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately RMB48.1 million (approximately HK\$55.2 million), and (ii) non-underwriting-related expenses of approximately RMB39.9 million (approximately HK\$45.8 million), which consist of fees and expenses of legal advisers and Reporting Accountants of approximately RMB23.4 million (approximately HK\$26.8 million), and other fees and expenses of approximately RMB16.5 million (approximately HK\$19.0 million). Approximately RMB80.6 million (equivalent to approximately HK\$92.6 million) of the estimated listing expenses is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering. Approximately RMB7.3 million (equivalent to approximately HK\$8.4 million) is expected to be charged in profit or loss before or upon completion of the Global Offering. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The listing expenses above are the best estimate as of

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the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “Appendix II—Unaudited Pro Forma Financial Information” for more details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements as set out in “Appendix I—Accountants’ Report” to this prospectus, and up to the date of this prospectus.

Unaudited Financial Information for the Three Months Ended March 31, 2026

For a description of our unaudited financial information for the three months ended March 31, 2026, please see “Summary—Recent Development and No Material Adverse Change—Unaudited Financial Information for the Three Months Ended March 31, 2026” for more details.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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