

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our audited consolidated financial information, including the notes thereto, included in the Accountants’ Report in Appendix I to this document. Our consolidated financial information has 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. In evaluating our business, you should carefully consider the information provided in this document, including, but not limited to, the sections headed “Risk Factors,” “Forward-Looking Statements” and “Business.”

For the purpose of this section, unless the context otherwise requires, references to 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the second largest automotive trim system solution provider in China by both 2024 mid-to-high-end vehicle interior trim system solutions revenue with a market share of 8.3%, and by 2024 all-vehicle interior trim system solutions revenue with a market share of 7.8%, according to Frost & Sullivan. We specialize in providing automotive trim system solutions, including (i) interior trim system solutions, covering instrument panel assemblies, overhead console assemblies, door panel assemblies and interior trim accessories; (ii) exterior trim system solutions, covering bumper assemblies and exterior trim accessories; and (iii) seat and seat accessory solutions, supporting OEM customers throughout the full vehicle life cycle from early concept engagement to mass production and after-sales support. Our solutions enable OEM customers to enhance vehicle functionality, quality and cost efficiency while shortening development cycles and improving supply stability.

During the Track Record Period, our business achieved steady growth in both revenue and gross profit, driven by increased penetration into existing OEM customers, the ramp-up of vehicle models, expansion into new models, and the gradual broadening of our product portfolio. Our revenue increased by 25.1% from RMB10,547.7 million in 2023 to RMB13,198.3 million in 2024, and further increased by 18.8% from RMB9,563.2 million in the nine months ended September 30, 2024 to RMB11,364.0 million in the nine months ended September 30, 2025. Our gross profit increased by 28.1% from RMB1,990.0 million in 2023 to RMB2,549.3 million in 2024, and further increased by 6.0% from RMB1,822.2 million in the nine months ended September 30, 2024 to RMB1,931.2 million in the nine months ended September 30, 2025.

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BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable IFRSs, which comprise all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”). All applicable new and revised IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025 together with the relevant transitional provisions have been adopted by us in the preparation of the consolidated financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost basis, except for financial assets/liabilities that are measured at fair value. Further details of the material accounting policy information adopted are set out in Note 4 to the Accountants’ Report set out in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and operating results are affected by general factors affecting the overall performance of the automotive industry, which include:

- macroeconomic conditions of our target markets, particularly overall automobile sales and production levels in China and key export markets;
- relevant laws and regulations, government policies and initiatives relating to the automotive industry; and
- technology and product trends in the automotive sector, including vehicle electrification, intelligentization and the upgrade in automotive trim systems, which influence OEMs’ requirements regarding our solutions.

Unfavorable changes in any of these general industry conditions, including slower-than-expected growth, pricing pressure or heightened competition in the passenger vehicle market, cyclical downturns in commercial vehicles, slower growth or policy adjustments in NEVs or weaker consumer demand in key export markets could materially and adversely affect demand for our products and solutions and/or the manner in which we supply them, and in turn materially and adversely affect our results of operations.

In addition to these general factors, we believe the following company-specific factors also have a significant impact on our results of operations.

Ability to Maintain and Engage Customers and Seize Market Opportunities

Our business growth is driven primarily by our ability to (i) maintain and deepen relationships with existing OEM customers, (ii) secure design-ins for new vehicle models, (iii) broaden our coverage across both commercial and passenger vehicle segments in China and overseas and (iv) expand our product portfolio with key customers to increase our content per vehicle and enhance customer lifetime value.

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We are a supplier of automotive trim system solutions. Our revenue is largely linked to the life cycle of our customers' vehicle models. Once we obtain a design-in for a new model, revenue from that model typically ramps up after SOP and then declines as the model approaches the end of its life cycle, which generally ranges from approximately five to ten years for commercial vehicles and approximately three to six years for passenger vehicles. As a result, the timing, number and size of new models design-ins that we secure, together with our ability to convert nominated projects into mass production on schedule, have a direct impact on our revenue growth and capacity utilization. In addition to winning design-ins, our revenue growth and capacity utilization are also influenced by our ability to increase content per vehicle by supplying multiple product categories for the same model. In particular, where we are able to provide a broader scope of solutions, such as supplying both interior and exterior trim system solutions and, where applicable, seat and seat accessory solutions, we may deepen customer engagement, increase the value of each design-in over its life cycle and improve the stability of demand for our production capacity.

We primarily serve OEM customers through a direct-sales model. During the Track Record Period, we maintained long-standing relationships with a number of major commercial vehicle and passenger vehicle OEMs in China, and have gradually expanded our customer base in overseas markets. Revenue from our top five customers accounted for a significant portion of our total revenue during the Track Record Period, and changes in orders from these key customers, for example, as a result of their own sales performance, platform planning, model mix or sourcing strategies, may lead to fluctuations in our revenue and profitability.

Our future growth will depend on our ability to capture major market opportunities, including:

- the upgrade and replacement cycle in medium- and heavy-duty trucks and other commercial vehicles, where we have an established market position;
- the ongoing penetration of NEVs and the rising market share of Chinese brands in the passenger vehicle segment; and
- the international expansion of Chinese OEMs and the localization needs of global OEMs, where our overseas production facilities and R&D centers can support local supply and engineering.

By leveraging our network of production facilities located close to OEM plants, our synchronous development capabilities and our increasingly diversified product portfolio, we seek to increase our content per vehicle and cross-sell additional trim and seat and seat accessory products to existing OEM customers. At the same time, we aim to win new platform and model design-ins from both existing and new customers in China and overseas. Collectively, these efforts are expected to increase sales per customer and expand the number of customers and vehicle design-ins we serve, which in turn will materially affect our results of operations.

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R&D Capabilities and Efficiency

Our R&D capabilities in trim system design, engineering and process optimization are fundamental to our business operations and financial performance. As an automotive trim system solution provider, our R&D efforts focus primarily on the design and engineering of interior and exterior assemblies and seat and seat accessory systems, lightweight material applications, mold and tooling development and testing and validation methods. We work with OEMs through synchronous development from styling intent to mass production, fostering deep collaboration and strengthening customer loyalty and stickiness. We operate R&D centers in China and overseas, supported by a CNAS-accredited central testing center and specialized laboratories that conduct appearance, safety, environmental and materials testing. This integrated platform enables us to translate customer requirements into manufacturable solutions and continuously improve product quality and process performance. Our R&D investments are designed to translate into commercial outcomes. Through continuous development and iteration of product designs, materials and manufacturing processes, we enhance functionality, appearance, durability and manufacturability, which supports (i) our ability to win new design-ins and participate in additional vehicle models and platforms, (ii) the launch and ramp-up of new products and enhanced solutions and (iii) ongoing cost-down and process optimization during mass production. These improvements also help us better manage quality performance and change management over the vehicle life cycle, which in turn supports stable deliveries and customer retention.

Our R&D costs were RMB457.1 million, RMB548.7 million, RMB404.1 million and RMB503.2 million in 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively, and remained within a relatively stable percentage of revenue, reflecting both our continued commitment to technology and process upgrades and the operating leverage arising from a larger revenue base. Changes in our R&D investment level and phasing may affect our profitability in the short term and our ability to secure new projects in the medium to long term. To enhance efficiency, we adopt platform-based and modular development for major trim systems, enabling reuse of structural and functional modules across models, shortening development cycles and optimizing tooling investment. Our in-house tooling capabilities also improve manufacturability and help control project timelines and costs.

While we expect to continue investing in R&D to support product development and process upgrades, it is equally important for us to manage our R&D spending discipline and ensure that such investments translate into measurable technical and commercial outcomes. Our results of operations may be adversely affected if our R&D expenses increase faster than our revenue growth, if we incur inefficiencies in resource allocation or project execution or if certain development activities do not generate corresponding design-ins, commercial launches or cost-improvement benefits. Accordingly, our ability to prioritize R&D initiatives, control execution costs and phase spending in line with expected commercialization progress is critical to maintaining a reasonable operating expense level and sustaining profitability.

Ability to Maintain and Improve Cost and Operating Efficiency

Over the model’s life cycle, selling prices are typically subject to periodic review and adjustment. However, our costs may not decline proportionally over the same period. As a result, as the model progresses into the later stages of its life cycle, its selling price and gross

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margin tend to exhibit a gradual downward trend. Our financial performance depends significantly on our ability to control costs and enhance operating efficiency in a competitive market. Our cost structure is driven primarily by raw materials and outsourced parts, labor, depreciation of production facilities and tooling and logistics and energy costs. Our profitability is therefore influenced by procurement effectiveness, production efficiency and capacity utilization.

Supply Chain and Procurement Management

We source most raw materials and outsourced components in China and leverage our procurement scale through direct sourcing for key materials. Our centralized procurement team oversees supplier qualification, pricing arrangements and performance monitoring, while subsidiaries place orders based on production needs. We generally maintain multiple qualified suppliers for major categories to mitigate supply risks and preserve bargaining flexibility. Many customer contracts include annual price review mechanisms that reflect changes in raw material prices, volume ramp-up and process improvements, but we may not always be able to fully pass through price increases or retain the benefit of price decreases. As a result, our results of operations are sensitive to raw material price movements, supplier performance and the timing of customer price adjustments.

Production Efficiency and Capacity Utilization

We operate a network of production facilities located near OEM plants to support timely delivery and lower logistics costs. Production capacity is planned in alignment with OEM demand, and we monitor efficiency through metrics such as OEE, yield and plan attainment. To improve productivity and reduce unit manufacturing costs, we promote lean production, automation in core processes, standardized and modular production lines and coordinated scheduling supported by digital tools. Investments in plants, equipment and automation during the Track Record Period, including upgrades to existing facilities as well as new capacity, have increased depreciation and certain ramp-up costs, but are expected to enhance overall productivity and operating leverage over time as automation coverage continues to expand across our production lines.

As our business has expanded, we have also increased investment in new plants, equipment and automation, which led to higher depreciation and certain ramp-up costs during the Track Record Period. In the longer term, we expect these investments, together with process optimization and flexible allocation of production among plants, to improve our operating leverage and cost competitiveness. The extent to which these benefits are realized will depend on a number of operational factors, including actual production volumes, the pace of customer model changes, the implementation progress of lean and automation initiatives and the stability of our supply chain and workforce. If we are unable to effectively manage procurement costs, improve production efficiency or maintain reasonable capacity utilization, our gross margin, profitability and overall results of operations may be materially and adversely affected.

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Integration of Acquired Businesses

Historically, our business has expanded primarily through organic growth and the establishment of new production bases in proximity to our OEM customers. During the Track Record Period, we also selectively pursued acquisitions to complement our existing product portfolio and capabilities. In particular, in April 2025 we acquired Anhui Ruiqi to enter the seat and seat accessory business and enhance our ability to provide more comprehensive solutions to OEM customers.

The successful integration of Anhui Ruiqi and any future acquired businesses into our existing business framework is important to our business development and the implementation of our strategies. Following the acquisition of Anhui Ruiqi, we have been integrating its operations into our Group in areas including product development, procurement, quality management, production planning and financial reporting, with a view to leveraging our existing customer base, supply chain and manufacturing network while preserving Anhui Ruiqi’s technical know-how in seat and seat accessory systems.

We recognized goodwill in connection with the acquisition of Anhui Ruiqi, which amounted to approximately RMB133.8 million as of September 30, 2025. Any future indication of impairment relating to this goodwill, including due to underperformance of the seat and seat accessory business, loss of key customers, margin pressure or changes in market conditions, could adversely affect our financial condition and results of operations. As of September 30, 2025, no impairment of goodwill had been recognized in respect of this acquisition.

Although the scale of our past acquisitions has been limited compared to our overall business, we recognize that successful integration requires disciplined execution. Following an acquisition, we focus on aligning the acquired business with our operating framework, including harmonizing R&D processes, quality standards, production management and customer service practices. We also pursue integration initiatives in areas such as procurement coordination, manufacturing efficiency improvements and cross-selling, while maintaining continuity of customer relationships. In addition, we prioritize the retention and integration of key management and technical personnel and conduct post-closing reviews to identify and remediate any gaps in internal controls, product quality or regulatory compliance. The pace and effectiveness of these integration efforts may affect the timing of synergy realization and the acquired business’ contribution to our results of operations.

MATERIAL ACCOUNTING INFORMATION AND POLICY

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates

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or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

We set forth below accounting policies which we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Note 4 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

Our Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as our Group performs; or
- does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

In determining whether revenue of our Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether our Group is acting as the principal or agent in offering goods or services to the customer, our Group needs to first identify who controls the specified goods or services before they are transferred to the customer. Our Group follows the accounting guidance for principal-agent considerations to assess whether our Group controls the specified goods or service before it is transferred to the customer, the indicators of which include, but are not limited to: (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified good or service; (b) whether the entity has inventory risk before the specified good or service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified good or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstance.

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Revenue From Contract With Customers

(a) Revenue From Sales of Automotive Interior and Exterior Decorative Components and Parts

Our Group is principally engaged in the design, manufacturing and sales of interior and exterior decorative components and parts such as instrument panel assemblies, door panel assemblies, bumper assemblies, interior accessories and exterior accessories.

Revenue is recognized at the amount of consideration to which our Group expects to be entitled when the customer obtains control of the relevant goods. Our Group delivers products to the designated delivery location as agreed, and revenue is recognized upon confirmation of acceptance by the customer.

Revenue from domestic sales of goods is recognized when our Group has delivered products to the location specified in the sales contract and the buyer has confirmed the acceptance of the products, and the delivery order is signed by both parties. Upon confirming the acceptance, the buyer has the right to sell the products at its discretion, and takes the risks of any price fluctuations and obsolescence and loss of the products.

Revenue from overseas sales of goods is recognized when the products have been declared to the customs and shipped out of the port in accordance with the sales contract.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. Our Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

Our Group's obligations to transfer products to customers for consideration received or receivable are presented as contract liabilities.

(b) Development of Molds

Our Group develops molds for customers in accordance with the requirements specified in the relevant contract entered into with the customers. Revenue is recognized when the development of molds is completed and accepted by the customer. Acceptance occurs when the molds have been verified and confirmed by the customer. For those where the consideration for the development of molds is paid separately, the normal credit term is 60 days effective from the invoice date. When the customer pay in advance for the orders, the transaction price received by our Group is recognized as a contract liability until the revenue in respect of molds has been recognized.

Where a contract contains both development of molds and sales of products, the mold development is considered as a separate performance obligation apart from the delivery of products. Revenue is recognized when the development of molds is completed and accepted by the customer. Transaction price is allocated between sales of products and the development of

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molds on a stand-alone selling price basis. The transaction price allocated to the development of molds is recognized as a contract asset at the time of revenue recognized and until the right to consideration becoming unconditional (i.e., over the period of delivery of products).

Property, Plant and Equipment

Property, plant and equipment (other than freehold land and construction in progress) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated and is measured at cost less subsequent accumulated impairment losses. Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment (other than freehold land and construction in progress) are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and buildings	20 years
Machinery and equipment	10 years
Transportation vehicle	10 years
Office equipment	5 years
Leasehold improvement	Shorter of the term of the lease or the estimated useful lives of the assets

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

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Construction in progress represents unfinished construction under construction, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

Business Combinations

Acquisitions of businesses, other than business combinations under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by our Group, liabilities incurred by our Group to the former owners of the acquiree and the equity interests issued by our Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits," respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of our Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and
- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16 "Leases") as if the acquired leases were new leases at the acquisition date, except for leases for which: (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net

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of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by our Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, our Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e., the date when our Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if our Group had disposed directly of the previously held equity interest.

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations in absolute amounts and as percentages of our revenue for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Revenue	10,547,742	100.0	13,198,250	100.0	9,563,212	100.0	11,363,998	100.0
Cost of revenue	<u>(8,557,776)</u>	<u>(81.1)</u>	<u>(10,648,997)</u>	<u>(80.7)</u>	<u>(7,740,989)</u>	<u>(80.9)</u>	<u>(9,432,828)</u>	<u>(83.0)</u>
Gross profit	1,989,966	18.9	2,549,253	19.3	1,822,223	19.1	1,931,170	17.0
Other income	40,128	0.4	144,740	1.1	78,100	0.8	105,420	0.9
Other gains/(losses), net .	29,438	0.3	(52,002)	(0.4)	(56,138)	(0.6)	36,779	0.3
Impairment losses under expected credit loss model, net of reversal .	(61,748)	(0.6)	(51,230)	(0.4)	(21,878)	(0.2)	(10,663)	(0.1)
Selling expenses	(68,683)	(0.7)	(79,155)	(0.6)	(67,179)	(0.7)	(72,796)	(0.6)
General and administrative expenses	(452,327)	(4.3)	(691,197)	(5.2)	(442,499)	(4.6)	(647,293)	(5.7)
Research and development costs . . .	(457,147)	(4.3)	(548,684)	(4.2)	(404,081)	(4.2)	(503,193)	(4.4)
Other expenses	<u>(62,105)</u>	<u>(0.6)</u>	<u>(87,485)</u>	<u>(0.7)</u>	<u>(57,634)</u>	<u>(0.6)</u>	<u>(76,052)</u>	<u>(0.7)</u>
Operating profit	957,522	9.1	1,184,240	9.0	850,914	8.9	763,372	6.7
Finance income	11,858	0.1	13,354	0.1	9,615	0.1	9,213	0.1
Finance costs	<u>(55,608)</u>	<u>(0.5)</u>	<u>(91,386)</u>	<u>(0.7)</u>	<u>(70,754)</u>	<u>(0.7)</u>	<u>(87,548)</u>	<u>(0.8)</u>
Finance costs – net	(43,750)	(0.4)	(78,032)	(0.6)	61,139	(0.6)	(78,335)	(0.7)
Profit before income taxes	913,772	8.7	1,106,208	8.4	789,775	8.3	685,037	6.0
Income tax expenses . . .	(108,717)	(1.0)	(132,463)	(1.0)	(105,339)	(1.1)	(71,529)	(0.6)
Profit for the year/period	<u>805,055</u>	<u>7.6</u>	<u>973,745</u>	<u>7.4</u>	<u>684,436</u>	<u>7.2</u>	<u>613,508</u>	<u>5.4</u>
Other comprehensive income for the year/period								
<i>Items that may be reclassified subsequently to profit or loss:</i>								

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	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Exchange differences								
arising from translation								
of foreign operations . . .	29,561	0.3	(179,942)	(1.4)	(126,466)	(1.3)	162,801	1.4
Total comprehensive								
 income for the								
 year/period	834,616	7.9	793,803	6.0	557,970	5.8	776,309	6.8
Profit attributable to:								
Owners of the								
Company	805,532	7.6	976,636	7.4	686,945	7.2	622,600	5.5
Non-controlling								
interests	(477)	0.0	(2,891)	0.0	(2,509)	0.0	(9,092)	(0.1)
	<u>805,055</u>	<u>7.6</u>	<u>973,745</u>	<u>7.4</u>	<u>684,436</u>	<u>7.2</u>	<u>613,508</u>	<u>5.4</u>
Total comprehensive								
income attributable to:								
Owners of the								
Company	836,098	7.9	794,250	6.0	555,716	5.8	783,398	6.9
Non-controlling								
interests	(1,482)	(0.0)	(447)	(0.0)	2,254	(0.0)	(7,089)	(0.1)
	<u>834,616</u>	<u>7.9</u>	<u>793,803</u>	<u>6.0</u>	<u>557,970</u>	<u>5.8</u>	<u>776,309</u>	<u>6.8</u>

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Revenue

Revenue by Business Line

During the Track Record Period, we derived our revenue primarily from providing automotive trim system solutions. The following table sets forth a breakdown of our revenue by business line both in absolute amounts and as percentages of total revenue for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Interior trim system								
solutions	9,162,424	86.9	10,840,095	82.1	7,908,106	82.7	9,213,320	81.1
Instrument panel								
assemblies	6,983,002	66.2	8,348,036	63.3	6,149,009	64.3	6,795,048	59.8
Door panel assemblies .	1,748,777	16.6	2,166,848	16.4	1,506,184	15.7	2,150,080	18.9
Overhead console								
assemblies	134,519	1.3	119,430	0.9	96,754	1.0	82,239	0.7
Interior trim								
accessories	296,126	2.8	205,780	1.6	156,158	1.6	185,953	1.6
Exterior trim system								
solutions	269,666	2.6	764,212	5.8	500,274	5.2	673,264	5.9
Bumper assemblies . . .	92,092	0.9	474,270	3.6	307,687	3.2	485,301	4.3
Exterior trim								
accessories	177,573	1.7	289,942	2.2	192,586	2.0	187,963	1.8
Seat and seat accessory								
solutions	74,493	0.7	149,678	1.1	116,631	1.2	441,217	3.9
Others*	<u>1,041,159</u>	<u>9.9</u>	<u>1,444,265</u>	<u>10.9</u>	<u>1,038,202</u>	<u>10.9</u>	<u>1,036,197</u>	<u>9.1</u>
Total	<u>10,547,742</u>	<u>100.0</u>	<u>13,198,250</u>	<u>100.0</u>	<u>9,563,212</u>	<u>100.0</u>	<u>11,363,998</u>	<u>100.0</u>

Note:

* Others primarily include molds, technical development fees to customers and sale of PP plastic particles.

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Revenue by Geographical Region

During the Track Record Period, we generated the majority of our revenue in Chinese Mainland while also expanding our presence overseas. The following table sets forth a breakdown of our revenue by geographical region, determined by the location of customers, in absolute amounts and as percentages of total revenue for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Chinese Mainland	9,793,044	92.8	12,122,100	91.8	8,712,428	91.1	8,802,592	77.5
North America	600,555	5.7	906,262	6.9	720,972	7.5	1,805,906	15.9
Europe	944	0.0	965	0.0	521	0.0	614,314	5.4
Asia (excluding Chinese Mainland)	153,199	1.5	168,923	1.3	129,291	1.4	141,186	1.2
Total	<u>10,547,742</u>	<u>100.0</u>	<u>13,198,250</u>	<u>100.0</u>	<u>9,563,212</u>	<u>100.0</u>	<u>11,363,998</u>	<u>100.0</u>

Cost of Revenue

Our cost of revenue mainly includes material costs, employee benefit expenses and manufacturing expenses. The following table sets forth a breakdown of our cost of revenue by nature both in absolute amounts and as percentages of total cost of revenue for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Material costs	6,932,637	81.0	8,442,042	79.3	6,316,306	81.6	7,645,727	81.1
Employee benefit expenses	482,045	5.6	650,374	6.1	527,673	6.8	698,928	7.4
Manufacturing expenses	1,143,094	13.4	1,556,581	14.6	897,009	11.6	1,088,173	11.5
Total	<u>8,557,776</u>	<u>100.0</u>	<u>10,648,997</u>	<u>100.0</u>	<u>7,740,989</u>	<u>100.0</u>	<u>9,432,828</u>	<u>100.0</u>

Gross Profit and Gross Profit Margin

Gross profit margins vary across product categories due to differences in market dynamics, cost structures and competitive positioning. Changes in product mix may result in fluctuation in our overall profit margin and our profitability.

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Gross Profit and Gross Profit Margin by Business Line

The following table sets forth a breakdown of gross profit and gross profit margin by business line for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
					(Unaudited)		(Unaudited)	
Interior trim system								
solutions	1,797,721	19.6	2,101,379	19.5	1,520,109	19.3	1,600,260	17.4
Instrument panel								
assemblies	1,459,399	20.9	1,737,662	20.8	1,282,698	20.9	1,201,262	17.7
Door panel								
assemblies	271,305	15.5	293,118	13.5	186,939	12.4	343,776	16.0
Overhead console								
assemblies	14,307	10.6	17,999	15.1	16,683	17.2	15,546	18.9
Interior trim								
accessories	52,710	17.8	52,600	25.6	33,789	21.6	39,676	21.3
Exterior trim system								
solutions	33,106	12.3	105,600	13.8	42,892	8.6	89,598	13.3
Bumper assemblies	27,753	30.1	72,786	15.3	31,795	10.3	83,287	17.2
Exterior trim								
accessories	5,352	3.0	32,814	11.3	11,097	5.8	6,311	3.4
Seat and seat accessory								
solutions	13,844	18.6	32,725	21.9	29,516	25.3	81,338	18.4
Others	145,295	14.0	309,548	21.4	229,706	22.1	159,975	15.4
Total	1,989,966	18.9	2,549,253	19.3	1,822,223	19.1	1,931,170	17.0

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Gross Profit and Gross Profit Margin by Geographical Region

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical region for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
					(Unaudited)		(Unaudited)	
Chinese Mainland . . .	1,828,047	18.7	2,290,096	18.9	1,563,313	17.9	1,382,680.29	15.7
North America	128,772	21.4	222,004	24.5	223,709	31.0	339,986.13	18.8
Europe	611	64.7	332	34.4	344	66.0	179,749.96	29.3
Asia (excluding Chinese Mainland) .	32,535	21.2	36,820	21.8	34,858	27.0	28,754.08	20.4
Total	<u>1,989,966</u>	<u>18.9</u>	<u>2,549,253</u>	<u>19.3</u>	<u>1,822,223</u>	<u>19.1</u>	<u>1,931,170</u>	<u>17.0</u>

Other Income

Our other income mainly consisted of additional deduction or VAT, compensation income from contract default, government grants, income from scrap sales and others. The following table sets forth a breakdown of our other income both in absolute amounts and as percentages of total other income for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
					(Unaudited)		(Unaudited)	
Additional deduction or VAT	–	–	62,114	42.9	24,431	31.3	38,590	36.5
Compensation income from contract default . .	11,335	28.2	42,411	29.3	26,920	34.5	22,275	21.1
Government grants	14,900	37.1	16,277	11.2	11,148	14.3	16,403	15.5
Others	13,893	34.6	23,938	16.5	15,601	20.0	28,152	26.8
Total	<u>40,128</u>	<u>100.0</u>	<u>144,740</u>	<u>100.0</u>	<u>78,100</u>	<u>100.0</u>	<u>105,420</u>	<u>100.0</u>

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Other Gains/(Losses), net

Our other gains/(losses), net mainly consisted of foreign currency exchange gain/(loss). The following table sets forth a breakdown of our other gains/(losses), net both in absolute amounts and as percentages of total other gains/(losses), net for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Foreign currency exchange gain/(loss), net	51,471	174.8	(32,788)	63.1	(52,369)	93.3	39,849	108.3
Fair value change on financial assets at FVPL	(974)	(3.2)	(69)	0.1	(169)	0.3	(117)	(0.3)
Net (losses)/gains on disposal of PPE and other assets	(18,238)	(62.0)	(9,887)	19.0	532	(0.9)	1,289	3.5
Others	(2,821)	(9.6)	(9,258)	(17.8)	(4,132)	(7.4)	(4,242)	(11.5)
Total	<u>29,438</u>	<u>100.0</u>	<u>(52,002)</u>	<u>100.0</u>	<u>(56,138)</u>	<u>100.0</u>	<u>36,779</u>	<u>100.0</u>

Impairment Losses Under Expected Credit Loss Model, net of Reversal

Our impairment losses under expected credit loss model, net of reversal, mainly represented changes in our allowance over trade receivables based on expected credit loss. In 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our impairment losses under expected credit loss model, net of reversal, amounted to RMB61.7 million, RMB51.2 million, RMB21.9 million and RMB10.7 million, respectively.

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Selling Expenses

Our selling expenses mainly consisted of storage charges and employee benefit expenses. In 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our selling expenses amounted to RMB68.7 million, RMB79.2 million, RMB67.2 million and RMB72.8 million, respectively, which accounted for 0.7%, 0.6%, 0.7% and 0.6% of our total revenue for the same years/periods, respectively. The following table sets forth a breakdown of our selling expenses by nature both in absolute amounts and as percentages of total selling expenses for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Storage charges	58,816	85.7	63,057	79.7	48,228	71.8	52,250	71.8
Employee benefit expenses	5,447	7.9	9,808	12.4	15,345	22.8	17,063	23.4
Others*	4,420	6.4	6,290	7.9	3,606	5.4	3,483	4.8
Total	<u>68,683</u>	<u>100.0</u>	<u>79,155</u>	<u>100.0</u>	<u>67,179</u>	<u>100.0</u>	<u>72,796</u>	<u>100.0</u>

Note:

* Others primarily include travel expenses and courier expenses.

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General and Administrative Expenses

Our general and administrative expenses primarily consisted of employee benefit expenses, depreciation and amortization, office expenses and travel expenses. In 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our general and administrative expenses amounted to RMB452.3 million, RMB691.2 million, RMB442.5 million and RMB647.3 million, respectively, which accounted for 4.3%, 5.2%, 4.6% and 5.7% of our total revenue for the same years/periods, respectively. The following table sets forth a breakdown of our general and administrative expenses by nature both in absolute amounts and as percentages of total general and administrative expenses for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Employee benefit expenses	226,010	50.0	365,473	52.9	222,063	50.2	327,810	50.6
Depreciation and amortization	81,987	18.1	108,439	15.7	81,023	18.3	112,003	17.3
Office expenses	52,475	11.6	87,545	12.7	56,076	12.7	69,749	10.8
Travel expenses	40,715	9.0	45,830	6.6	30,786	4.2	44,487	6.9
Audit and professional fees	8,962	2.0	16,117	2.0	8,123	2.0	18,557	3.0
Taxes and surcharges . . .	2,148	0.5	3,982	0.6	2,551	0.6	3,743	0.6
Others*	40,028	8.8	63,810	9.2	41,876	9.5	70,943	11.0
Total	<u>452,327</u>	<u>100.0</u>	<u>691,197</u>	<u>100.0</u>	<u>442,499</u>	<u>100.0</u>	<u>647,293</u>	<u>100.0</u>

Note:

* Others primarily include low-value consumables, repair expenses, shipping expenses and environmental protection expenses.

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Research and Development Costs

Our research and development costs primarily consisted of employee benefit expenses, material costs, design expenses and travel expenses. In 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our research and development costs amounted to RMB457.1 million, RMB548.7 million, RMB404.1 million and RMB503.2 million, respectively, which accounted for 4.3%, 4.2%, 4.2% and 4.4% of our total revenue for the same years/periods, respectively. The following table sets forth a breakdown of our research and development costs by nature both in absolute amounts and as percentages of total research and development costs for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Employee benefit								
expenses	208,270	45.6	237,359	43.3	188,419	46.6	255,198	50.7
Material costs	168,255	36.8	194,349	35.4	131,770	32.6	151,329	30.1
Design expenses	44,633	9.8	65,615	12.0	50,087	12.4	43,735	8.7
Travel expenses	21,780	4.8	25,580	4.7	16,658	4.1	26,194	5.2
Depreciation and								
amortization	5,612	1.2	13,927	2.5	10,069	2.5	17,673	3.5
Others*	8,597	1.9	11,854	2.2	7,077	1.8	9,064	1.8
Total	<u>457,147</u>	<u>100.0</u>	<u>548,684</u>	<u>100.0</u>	<u>404,081</u>	<u>100.0</u>	<u>503,193</u>	<u>100.0</u>

Note:

* Others primarily include office expenses.

Other Expenses

Our other expenses consisted of taxes and surcharges, spoilage, bank charges, claims and others. In 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our other expenses amounted to RMB62.1 million, RMB87.5 million, RMB57.6 million and RMB76.1 million, respectively.

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Finance Costs, net

Our finance costs, net consisted of interest expenses on bank borrowings, interest expenses on lease liabilities and bank interest income. In 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our finance costs, net amounted to RMB43.8 million, RMB78.0 million, RMB61.1 million and RMB78.3 million, respectively. The following table sets forth a breakdown of our finance costs, net in absolute amounts and as percentages for the years/periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Finance income:								
Bank interest income . . .	(11,858)	(27.1)	(13,354)	(17.1)	(9,615)	(15.7)	(9,213)	(11.8)
Finance costs:								
Interest expenses on								
bank borrowings . . .	33,010	75.5	41,129	52.7	33,532	54.8	40,657	51.9
Interest expenses on								
convertible bonds . .	17,374	39.7	45,577	58.4	33,923	55.5	34,529	44.1
Interest expenses on								
short term financing								
bills	3,042	7.0	2,425	3.1	1,545	2.5	1,497	1.9
Interest expenses on								
lease liabilities	2,182	5.0	2,255	2.9	1,754	2.9	10,865	13.9
Total	43,750	100.0	78,032	100.0	61,139	100.0	78,335	100.0

Income Tax Expenses

Our income tax expenses comprise current income tax and deferred income tax. In 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our income tax expenses amounted to RMB108.7 million, RMB132.5 million, RMB105.3 million and RMB71.5 million, respectively. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate.

Chinese Mainland

Under the EIT Law and the Implementation Regulation of the EIT Law, the standard EIT rate of our Company and the PRC subsidiaries is 25%.

During the Track Record Period, our Company and certain of our PRC subsidiaries have obtained High and New Technology Enterprises certification (“**HNTE**”) and hence they are entitled to a preferential corporate income tax rate of 15%.

For our PRC subsidiaries that are recognized as “Micro and Small Enterprises” by the relevant government authorities, the portion of their annual taxable income not exceeding RMB1,000,000 is included in taxable income at a reduced rate of 12.5% for 2022, and at a reduced rate of 25% for 2023 to 2027, with an applicable enterprise income tax rate of 20%.

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Hong Kong

One of our subsidiaries incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as we had no assessable profits derived from or earned in Hong Kong during 2023 and 2024 and the nine months ended September 30, 2024 and 2025.

Corporate Income Tax

The applicable income tax rate of the United States where our subsidiaries had significant operations during the Track Record Period includes state income tax rates ranging from nil to 10% and the U.S. federal corporate income tax rate of 21%.

Corporate Income Tax in Other Jurisdictions

The income tax rates applicable to our subsidiaries in other jurisdictions, including Malaysia, Mexico, Singapore and the Slovak Republic, were calculated based on their estimated assessable profits during the Track Record Period, using the respective tax rates prevailing in those jurisdictions.

See Note 12 of the Accountants' Report in Appendix I to this document for more information.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared with Nine Months Ended September 30, 2024

Revenue

Our revenue increased by 18.8% from RMB9,563.2 million in the nine months ended September 30, 2024 to RMB11,364.0 million in the nine months ended September 30, 2025 primarily due to the following changes in our various business lines:

- ***Interior trim system solutions.*** Revenue from our interior trim system solutions increased by 16.5% from RMB7,908.1 million in the nine months ended September 30, 2024 to RMB9,213.3 million in the nine months ended September 30, 2025, primarily due to
 - (i) an increase in revenue from instrument panel assemblies by 10.5% from RMB6,149.0 million in the nine months ended September 30, 2024 to RMB6,795.0 million in the nine months ended September 30, 2025, representing approximately RMB646.0 million, mainly attributable to: (a) a sales volume increase of 3.2% from approximately 4.8 million sets to approximately 4.9 million sets driven by the production ramp-up of several

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passenger vehicle models and additional new models awarded by leading domestic and international OEM customers, including models produced in overseas markets; and (b) an increase in average selling price of 7.1% from RMB1.3 thousand per set to RMB1.4 thousand per set, primarily due to a higher proportion of newly launched models with relatively higher unit prices;

- (ii) an increase in revenue from door panel assemblies by 42.8% from RMB1,506.2 million in the nine months ended September 30, 2024 to RMB2,150.1 million in the nine months ended September 30, 2025, representing approximately RMB643.9 million, mainly attributable to a sales volume increase of 32.6% from approximately 1.1 million sets in the nine months ended September 30, 2024 to approximately 1.5 million sets in the nine months ended September 30, 2025 to a number of major commercial vehicle OEM customers and deeper penetration into their new vehicle models; and
 - (iii) an increase in revenue from interior trim accessories by 19.1% from RMB156.2 million in the nine months ended September 30, 2024 to RMB186.0 million in the nine months ended September 30, 2025, representing approximately RMB29.8 million, primarily due to a higher average selling price of 38.3% from RMB0.4 thousand per set to RMB0.5 thousand per set under new models.
- ***Exterior trim system solutions.*** Revenue from exterior trim system solutions increased by 34.6% from RMB500.3 million in the nine months ended September 30, 2024 to RMB673.3 million in the nine months ended September 30, 2025, primarily due to an increase in revenue from bumper assemblies by 57.7% from RMB307.7 million in the nine months ended September 30, 2024 to RMB485.3 million in the nine months ended September 30, 2025, representing approximately RMB177.6 million, mainly attributable to a sales volume increase of 81.2% from approximately 390.1 thousand sets in the nine months ended September 30, 2024 to approximately 707.0 thousand sets in the nine months ended September 30, 2025 to certain major passenger vehicle OEMs, including leading domestic brands and NEV OEMs, as both newly launched models ramped up and existing models maintained relatively high production volumes.
 - ***Seat and seat accessory solutions.*** Revenue from seat and seat accessory solutions increased significantly by 278.3% from RMB116.6 million in the nine months ended September 30, 2024 to RMB441.2 million in the nine months ended September 30, 2025, primarily because
 - (i) sales volume of seats increased from nil to approximately 122.6 thousand sets, all of which were contributed by Anhui Ruiqi after its acquisition in April 2025; and
 - (ii) sales volume of seat accessories increased from approximately 0.4 million sets to approximately 1.0 million sets, Anhui Ruiqi who contributed approximately 94,000 sets during the period due to its acquisition; and (ii) organic growth from our existing customer base.

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Cost of Revenue

Our cost of revenue increased by 21.9% from RMB7,741.0 million in the nine months ended September 30, 2024 to RMB9,432.8 million in the nine months ended September 30, 2025 primarily due to an increase of RMB1,329.4 million in material costs, an increase of RMB191.2 million in manufacturing expenses and an increase of RMB171.3 million in employee benefit expenses, mainly as a result of higher sales volumes across our major solution lines, including contributions from newly awarded models with both new and existing OEM customers and new vehicle models.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit remained relatively stable at RMB1,822.2 million in the nine months ended September 30, 2024 to RMB1,931.2 million in the nine months ended September 30, 2025. Our gross profit margin decreased from 18.7% in the nine months ended September 30, 2024 to 17.1% in the nine months ended September 30, 2025 primarily due to the following changes in our various business lines.

- ***Interior trim system solutions.*** The gross profit margin for our interior trim system solutions decreased from 19.2% in the nine months ended September 30, 2024 to 17.4% in the nine months ended September 30, 2025, primarily due to the following.

The gross profit margin of our instrument panel assemblies decreased from 20.9% to 17.7%, mainly as a result of more intense market competition in 2025, which led to overall price pressure and intensified competition in the PRC market in 2025, which resulted in heightened price pressure on certain domestic design-ins. We have been enhancing our product and customer mix by increasing our exposure to overseas design-ins, which, according to Frost & Sullivan, generally carry higher margins, and we expect this strategy to support our overall profitability over time.

In contrast, the gross profit margin of our door panel assemblies increased from 12.4% to 16.0%, primarily because we undertook a large-volume new models for an existing OEM customer with above-average margins, which typically generate relatively higher margins at the early stage of the vehicle life cycle, and implemented cost-optimization measures for door panel assemblies that improved production efficiency and reduced material costs.

The gross profit margin of our overhead console assemblies increased from 17.2% to 18.9%, mainly due to a favorable product mix, with higher contributions from higher-margin products and increased procurement volumes from an overseas customer.

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- **Exterior trim system solutions.** Our gross profit margin for our exterior trim system solutions increased from 8.6% in the nine months ended September 30, 2024 to 13.3% in the nine months ended September 30, 2025, primarily due to improved profitability of bumper assemblies.

The gross profit margin of our bumper assemblies increased from 10.3% to 17.2%, mainly due to a more favorable product mix with a higher contribution from a newly launched, higher-margin bumper design-in for an OEM customer that we secured through strengthened strategic cooperation and localized production support, as well as increased sales volumes that enhanced capacity utilization and reduced per-unit fixed costs.

The gross profit margin of our exterior trim accessories decreased from 5.8% to 3.4%, primarily due to the life cycle progression of certain OEM design-ins, where margins tend to decline as design-ins mature and are subject to customary annual price review.

- **Seat and seat accessory solutions.** Our gross profit margin for our seat and seat accessories decreased from 25.3% in the nine months ended September 30, 2024 to 18.4% in the nine months ended September 30, 2025, primarily due to the consolidation of lower-margin seat and seat accessory models contributed by Anhui Ruiqi. Going forward, we plan to improve the gross profit margin of this business line by:
 - (i) securing new design-ins, which typically carry higher pricing and gross profit margins at the early stage of a vehicle life cycle; and
 - (ii) increasing production volumes, which is expected to enhance economies of scale and reduce per-set production costs as the seat and seat accessory business continues to ramp up.

Other Income

Our other income increased by 35.0% from RMB78.1 million in the nine months ended September 30, 2024 to RMB105.4 million in the nine months ended September 30, 2025, primarily due to an increase of approximately RMB14.2 million in additional deduction or VAT recognized by certain subsidiaries, mainly as a result of higher sales and the corresponding increase in deductible input VAT.

Other Gains/(Losses), net

Our other gains/(losses) improved from a loss of RMB56.1 million in the nine months ended September 30, 2024 to a gain of RMB36.8 million in the nine months ended September 30, 2025, primarily due to a foreign currency exchange loss of RMB52.4 million in the nine

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months ended September 30, 2024 turning into a foreign currency exchange gain of RMB39.8 million in the nine months ended September 30, 2025, mainly as a result of changes in exchange rates driven by interest rate differentials.

Impairment Losses Under Expected Credit Loss Model, net of Reversal

Our Impairment losses under expected credit loss model, net of reversal, decreased by 51.3% from RMB21.9 million in the nine months ended September 30, 2024 to RMB10.7 million in the nine months ended September 30, 2025, primarily due to improved collection performance during the period.

Selling Expenses

Our selling expenses increased by 8.4% from RMB67.2 million in the nine months ended September 30, 2024 to RMB72.8 million in the nine months ended September 30, 2025, primarily due to an increase of approximately RMB4.0 million in storage charges as a result of higher sales volumes during the period. Our selling expenses as a percentage of our revenue remained relatively stable at 0.7% in the nine months ended September 30, 2024 and 0.6% in the nine months ended September 30, 2025.

General and Administrative Expenses

Our general and administrative expenses increased by 46.3% from RMB442.5 million in the nine months ended September 30, 2024 to RMB647.3 million in the nine months ended September 30, 2025, primarily due to: (i) an increase in employee benefit expenses of RMB105.8 million as we expanded our general and administrative team to support our growing business scale; (ii) an increase in depreciation and amortization of RMB31.0 million, mainly attributable to newly added assets, including office buildings; (iii) an increase in others of RMB29.1 million, primarily due to higher spending on repairs and maintenance and environmental compliance fees; (iv) an increase in travel expenses of RMB13.7 million, mainly resulting from more frequent business development and customer visits activities; (v) an increase in office expenses of RMB13.7 million, primarily due to headcount growth and the corresponding increase in office-related costs; and (vi) an increase in audit and professional fees of RMB10.4 million, primarily related to professional services in relation to our business operations. Our general and administrative expenses as a percentage of our revenue increased from 4.6% in the nine months ended September 30, 2024 to 5.7% in the nine months ended September 30, 2025, primarily due to: (i) an increase in the number of senior management personnel; (ii) higher depreciation and amortization resulting from additional office premises put into use in multiple locations; and (iii) increased external professional service needs and business development-related travel expenses as we expanded our operations.

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Research and Development Costs

Our research and development costs increased by 24.5% from RMB404.1 million in the nine months ended September 30, 2024 to RMB503.2 million in the nine months ended September 30, 2025, primarily due to: (i) an increase in employee benefit expenses of RMB66.8 million, primarily driven by an increase in the headcount of our R&D team in line with our increased R&D activities; and (ii) an increase in travel expenses of RMB9.5 million as our R&D personnel undertook more frequent project-site technical coordination and product testing. Our research and development costs as a percentage of our revenue remained relatively stable at 4.2% in the nine months ended September 30, 2024 and 4.4% in the nine months ended September 30, 2025.

Other Expenses

Our other expenses increased by 32.0% from RMB57.6 million in the nine months ended September 30, 2024 to RMB76.1 million in the nine months ended September 30, 2025, mainly due to increases in taxes and surcharges, spoilage and bank charges as our business scale expanded.

Finance Costs, net

Our finance costs, net increased by 13.1% from RMB61.1 million in the nine months ended September 30, 2024 to RMB78.3 million in the nine months ended September 30, 2025, primarily due to an increase of RMB9.1 million in interest expenses on lease liabilities and an increase of RMB7.1 million in interest expenses on borrowings as a result of higher levels of interest-bearing borrowings and lease liabilities.

Income Tax Expenses

Our income tax expenses decreased by 32.1% from RMB105.3 million in the nine months ended September 30, 2024 to RMB71.5 million in the nine months ended September 30, 2025, mainly due to: (i) a decrease in profit before income taxes from RMB789.8 million to RMB685.0 million during the same periods; and (ii) an increase in tax incentives, including preferential income tax treatment enjoyed by certain subsidiaries. As a result, our effective tax rate decreased from 13.3% to 10.4% for the same periods.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by 10.4% from RMB684.4 million in the nine months ended September 30, 2024 to RMB613.5 million in the nine months ended September 30, 2025. This slight decrease was primarily due to: (i) the expenses incurred in the nine months ended September 30, 2025, in connection with the integration and management of Anhui Ruiqi, which we newly acquired, as well as the build-up of our new seat assembly business line; and (ii) the increase in expenses associated with our expansion into the North American market.

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

Revenue

Our revenue increased by 25.1% from RMB10,547.7 million in 2023 to RMB13,198.3 million in 2024, primarily due to the following changes in our various business lines:

- **Interior trim system solutions.** Revenue from our interior trim system solutions increased by 18.3% from RMB9,162.4 million in 2023 to RMB10,840.1 million in 2024, primarily due to:
 - (i) an increase in revenue from instrument panel assemblies by 19.5% from RMB6,983.0 million in 2023 to RMB8,348.0 million in 2024, representing approximately RMB1,365.0 million, mainly attributable to a sales volume increase of 22.8% from approximately 5.3 million sets in 2023 to approximately 6.5 million sets in 2024 as we deepened our penetration with several leading domestic OEM customers and undertook more new model design-ins; and
 - (ii) an increase in revenue from door panel assemblies by 23.9% from RMB1,748.8 million in 2023 to RMB2,166.8 million in 2024, representing approximately RMB418.1 million, mainly attributable to a sales volume increase of 9.5% from approximately 1.5 million sets in 2023 to approximately 1.6 million sets in 2024 driven by our market expansion to new OEM customers as well as additional models for existing customers' new passenger vehicle models, and an increase in average selling price of 13.2% from RMB1.2 thousand per set to RMB1.3 thousand per set, primarily due to a higher proportion of newly launched models with relatively higher unit prices as automotive trim system solutions for newly awarded design-ins typically carry higher unit prices.
- **Exterior trim system solutions.** Revenue from exterior trim system solutions increased significantly from RMB269.7 million in 2023 to RMB764.2 million in 2024, primarily due to:
 - (i) a significant increase in revenue from bumper assemblies of approximately RMB382.2 million, mainly attributable to a sales volume increase from approximately 149.7 thousand sets in 2023 to approximately 627.0 thousand sets in 2024, as we deepened penetration with major existing OEM customers and undertook more new-model design-ins, together with an increase in average selling price driven by higher-value bumper models for certain new passenger vehicle models; and
 - (ii) an increase in revenue from exterior trim accessories by 63.3% from RMB177.6 million in 2023 to RMB289.9 million in 2024, representing approximately RMB112.4 million, primarily attributable to a sales volume increase of 44.7% from approximately 1.0 million sets in 2023 to approximately 1.4 million sets in 2024 as we deepened penetration with major existing OEM customers and undertook more new-model design-ins.

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- **Seat and seat accessory solutions.** Revenue from seat and seat accessory solutions increased significantly from RMB74.5 million in 2023 to RMB149.7 million in 2024, primarily due to a 140.8% increase in sales volumes of seat accessories from approximately 190.7 thousand sets in 2023 to approximately 459.2 thousand sets in 2024, mainly as existing OEM customers launched new vehicle models in 2024 and placed increased orders for our seat and seat accessory solutions.

Cost of Revenue

Our cost of revenue increased significantly from RMB8,557.8 million in 2023 to RMB10,649.0 million in 2024, primarily due to an increase of RMB1,509.4 million in material costs, an increase of RMB413.5 million in manufacturing expenses and an increase of RMB184.3 million in employee benefit expenses, mainly as a result of higher sales volumes across our major solution lines, including contributions from newly awarded models with both new and existing OEM customers and new vehicle models.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 28.1% from RMB1,990.0 million in 2023 to RMB2,549.3 million in 2024. Our gross profit margin increased from 18.9% in 2023 to 19.3% in 2024, primarily due to the following changes in our various business lines.

- **Interior trim system solutions.** The gross profit margin for our interior trim system solutions remained relatively stable at 19.6% in 2023 and 19.4% in 2024.
 - (i) The gross profit margin of our instrument panel assemblies remained relatively stable at 20.9% in 2023 and 20.8% in 2024.
 - (ii) The gross profit margin of our door panel assemblies decreased from 15.5% in 2023 to 13.5% in 2024, primarily due to sales to one new customer who demanded door panel assemblies products that had generally lower gross profit margin according to its business needs.
 - (iii) The gross profit margin of our overhead console assemblies increased from 10.6% in 2023 to 15.1% in 2024, mainly because newly mass-produced models with higher margins accounted for a greater proportion of annual sales. Leveraging our established position and reputation in the commercial vehicle area, we secured new overseas customer models with relatively higher margins.
 - (iv) The gross profit margin of our interior trim accessories increased from 17.8% in 2023 to 25.6% in 2024, primarily because higher-margin new design-ins contributed an increased proportion of total sales.

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- **Exterior trim system solutions.** Our gross profit margin for our exterior trim system solutions increased from 12.3% in 2023 to 13.8% in 2024. The gross profit margin of our exterior trim accessories increased from 3.0% in 2023 to 11.3% in 2024, primarily due to increased sales volumes, which enhanced overall capacity utilization and enabled more effective absorption of fixed manufacturing costs. The gross profit margin of our bumper assemblies decreased from 30.1% in 2023 to 15.4% in 2024, mainly because new mass-produced models in 2024 accounted for a higher proportion of sales during the year, and pricing for certain key customers (including a major domestic OEM) was set at a relatively lower level in order to secure new bumper models and vehicle models.
- **Seat and seat accessory solutions.** Our gross profit margin for our seat and seat accessories increased from 18.6% in 2023 to 21.9% in 2024, primarily due to higher order volumes from customers, which drove higher sales volumes and improved economies of scale. As production volume increased, we enhanced production efficiency and reduced unit material costs through better capacity utilization and procurement efficiencies, resulting in a modest improvement in gross profit margin.

Other Income

Our other income increased significantly from RMB40.1 million in 2023 to RMB144.7 million in 2024, primarily due to: (i) an increase of RMB62.1 million in additional deduction or VAT, as certain of our subsidiaries qualified for additional VAT deduction benefits as HNTE; and (ii) compensation income from contract defaults from suppliers of approximately RMB31.1 million.

Other Gains/(Losses), net

Our other gains/(losses), net increased from a gain of RMB29.4 million in 2023 to a loss of RMB52.0 million in 2024, primarily due to a foreign currency exchange gain of RMB51.5 million in 2023 turning into a loss of RMB32.8 million in 2024, mainly as a result of changes in exchange rates driven by interest rate differentials. In addition, our loss on disposal of PPE and other assets narrowed from RMB18.2 million in 2023 to RMB9.9 million in 2024, primarily due to a lower number of asset disposals during the year.

Impairment Losses Under Expected Credit Loss Model, net of Reversal

Our impairment losses under expected credit loss model, net of reversal, decreased by 17.0% from RMB61.7 million in 2023 to RMB51.2 million in 2024, primarily due to fewer receivables requiring specific assessment and uplift in loss allowance rates in 2024.

Selling Expenses

Our selling expenses increased by 15.2% from RMB68.7 million in 2023 to RMB79.2 million in 2024, primarily due to an increase of approximately RMB4.4 million in employee benefit expenses as we expanded our sales team, and an increase of approximately RMB4.2 million in storage charges driven by higher sales volumes. Our selling expenses as a percentage of our revenue remained relatively stable at 0.7% in 2023 and 0.6% in 2024.

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General and Administrative Expenses

Our general and administrative expenses increased by 52.8% from RMB452.3 million in 2023 to RMB691.2 million in 2024, primarily due to: (i) an increase in employee benefit expenses of RMB139.5 million as we expanded our general and administrative team to support our growing business scale; (ii) an increase in office expenses of RMB35.1 million, primarily due to headcount growth and the corresponding increase in office-related costs; (iii) an increase in depreciation and amortization of RMB26.5 million, mainly attributable to newly added assets, including office buildings; and (iv) an increase in others of RMB23.8 million, primarily due to higher spending on repairs and maintenance, and environmental compliance fees. Our general and administrative expenses as a percentage of our revenue increased from 4.3% in 2023 to 5.2% in 2024, primarily due to: (i) an increase in the number of management personnel; (ii) higher depreciation and amortization resulting from additional office premises put into use in multiple locations; and (iii) increased external professional service needs and business development-related travel expenses as we expanded our operations.

Research and Development Costs

Our research and development costs increased by 20.0% from RMB457.1 million in 2023 to RMB548.7 million in 2024, primarily due to: (i) an increase in employee benefit expenses of RMB29.1 million, primarily driven by an increase in the headcount of our R&D team in line with our increased R&D activities; (ii) an increase in material costs as a result of increased consumption of materials for new model development and new customer projects; (iii) an increase in design expenses of RMB21.0 million, primarily reflecting greater demand for outsourced design services; and (iv) an increase in depreciation and amortization of RMB8.3 million, mainly due to new R&D equipment and facilities being put into use in 2024. Our research and development costs as a percentage of our revenue remained relatively stable at 4.3% in 2023 and 4.2% in 2024.

Other Expenses

Our other expenses increased by 40.9% from RMB62.1 million in 2023 to RMB87.5 million in 2024, primarily due to increases in taxes and surcharges, spoilage and bank charges as our business scale expanded.

Finance Costs, net

Our finance costs, net increased significantly from RMB43.8 million in 2023 to RMB78.0 million in 2024, primarily due to an increase in interest expenses on borrowings of RMB35.7 million. Such increase mainly reflected the full-year accrual of interest in 2024 on the convertible bonds for which we received the proceeds in August 2023.

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Income Tax Expenses

Our income tax expenses increased by 21.8% from RMB108.7 million in 2023 to RMB132.5 million in 2024, primarily in line with the increase in profit before income taxes, with our effective tax rate remaining relatively stable at 11.9% in 2023 and 12.0% in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 21.0% from RMB805.1 million in 2023 to RMB973.7 million in 2024.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Non-current assets			
Property, plant and equipment (“PPE”)	3,578,527	4,671,902	5,197,837
Right-of-use assets (“ROU”)	414,165	441,235	733,851
Investment property	3,077	2,898	2,763
Goodwill	–	–	133,780
Intangible assets	13,914	18,529	15,658
Deferred tax assets	50,504	66,873	60,779
Prepayment and other receivables	221,379	405,650	481,997
Interest in an associate	6,252	7,463	6,079
Trade and bills receivables	37,891	54,043	49,669
Financial assets at fair value through profit or loss (“FVPL”)	12,464	12,395	12,278
Total non-current assets	<u>4,338,173</u>	<u>5,680,988</u>	<u>6,694,691</u>
Non-current liabilities			
Borrowings	468,288	911,628	1,226,918
Convertible bond	976,784	1,017,892	847,077
Lease liabilities	36,877	62,162	209,520
Deferred tax liabilities	1,443	71	6,488
Deferred income	84,479	132,088	121,902
Other payables and accruals	788	22,265	91,377
Total non-current liabilities	<u>1,568,659</u>	<u>2,146,106</u>	<u>2,503,282</u>

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Property, Plant and Equipment

Our property, plant and equipment primarily consisted of machinery and equipment, property and buildings and construction in progress.

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

	As of December 31,		As of September 30,
	2023	2024	2025
		<i>(RMB'000)</i>	<i>(Unaudited)</i>
Machinery and equipment	1,703,130	2,191,977	2,381,289
Property and buildings	1,386,533	1,550,780	1,819,708
Construction in progress	299,410	690,218	751,534
Leasehold improvement	122,514	170,013	167,665
Office equipment	45,124	43,205	48,289
Transportation vehicle	21,816	25,707	29,352
Total	<u>3,578,527</u>	<u>4,671,902</u>	<u>5,197,837</u>

Our property, plant and equipment increased from RMB3,578.5 million as of December 31, 2023 to RMB4,671.9 million as of December 31, 2024, and further increased from RMB4,671.9 million as of December 31, 2024 to RMB5,197.8 million as of September 30, 2025, primarily due to (i) additions to machinery and equipment for production capacity expansion and automation upgrades across multiple manufacturing facilities, (ii) additions to property and buildings as we expanded and upgraded manufacturing facilities and (iii) increased construction in progress related to the build-out and upgrading of manufacturing facilities. In particular, in 2024, the increase was mainly attributable to capital expenditures relating to the manufacturing facilities in Shanghai, Anqing, Changzhou, Ningbo and Wuhu. For the nine months ended September 30, 2025, the increase was primarily attributable to further investments in the manufacturing facilities in Shanghai and Slovakia.

Right-of-Use Assets

Our right-of-use assets comprised land use rights, buildings and office equipment. Our right-of-use assets increased by 6.5% from RMB414.2 million as of December 31, 2023 to RMB441.2 million as of December 31, 2024, primarily due to new leases we entered into for buildings related to our Slovakia facility. Our right-of-use assets increased by 66.3% from RMB441.2 million as of December 31, 2024 to RMB733.9 million as of September 30, 2025, primarily due to new leases we entered into for buildings and land for our Texas facility and Beijing facility.

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Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss primarily include unlisted equity investment. Our financial assets at fair value through profit or loss remained relatively stable at RMB12.5 million as of December 31, 2023, RMB12.4 million as of December 31, 2024 and RMB12.3 million as of September 30, 2025.

Goodwill

Our goodwill was RMB133.8 million as of September 30, 2025, which is related to the acquisition of Anhui Ruiqi. As of September 30, 2025, no impairment of goodwill had been recognized in respect of this acquisition.

Current Assets and Liabilities

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

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
			<i>(RMB'000)</i>	
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current assets				
Inventories	2,475,192	2,709,879	2,830,716	3,491,564
Trade and bills receivables	3,112,152	3,803,120	4,046,145	3,743,098
Prepayments and other receivables	731,357	738,776	862,236	965,143
Financial assets at fair value through other comprehensive income	1,374,700	1,458,555	2,011,846	1,977,516
Restricted cash and cash equivalents	224,389	195,415	210,229	225,362
Cash and cash equivalents	1,191,203	1,325,516	749,361	934,286
Total current assets . . .	9,108,993	10,231,261	10,710,533	11,336,969
Current liabilities				
Trade and bills payables	5,670,120	6,804,420	7,148,077	7,609,856
Contract liabilities	114,504	98,186	140,403	91,890
Other payables and accruals	378,915	435,885	300,367	312,743
Borrowings	689,489	753,944	861,903	882,973
Lease liabilities	19,876	20,411	25,076	25,081
Total current liabilities	6,872,904	8,112,846	8,475,826	8,922,542
Net current assets	2,236,089	2,118,415	2,234,707	2,414,426

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Our net current assets increased from RMB2,234.7 million as of September 30, 2025 to RMB2,414.4 million as of November 30, 2025, primarily due to: (i) an increase in inventories of RMB660.8 million; (ii) an increase in prepayment and other receivables of RMB102.9 million; and (iii) an increase in cash and cash equivalents of RMB184.9 million; which were partially offset by: (i) a decrease in trade and bills receivables of RMB337.4 million; and (ii) an increase in trade and bills payables of RMB461.8 million.

Our net current assets increased from RMB2,118.4 million as of December 31, 2024 to RMB2,234.7 million as of September 30, 2025, primarily due to: (i) an increase in trade and bills receivables of RMB796.3 million; (ii) an increase in prepayment and other receivables of RMB123.5 million; (iii) an increase in inventories of RMB120.8 million; and (iv) a decrease in other payable and accruals of RMB111.1 million, which were partially offset by: (i) a decrease in cash and cash equivalents of RMB576.2 million; and (ii) an increase in trade and bills payables of RMB343.7 million.

Our net current assets decreased from RMB2,236.1 million as of December 31, 2023 to RMB2,118.4 million as of December 31, 2024, primarily due to an increase in trade and bills payables of RMB1,134.3 million, which was partially offset by: (i) an increase in trade and bills receivables of RMB774.8 million; (ii) an increase in inventories of RMB234.7 million; and (iii) an increase in cash and cash equivalents of RMB134.3 million.

Inventories

Our inventories primarily consisted of goods in transit, molds, raw materials, finished goods, work in progress and finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Goods in transit	906,784	1,098,521	988,349
Molds	825,208	896,520	844,645
Raw materials	345,255	292,415	457,877
Work in progress	212,304	211,997	256,233
Finished goods	164,211	195,766	245,973
Materials in transit	18,437	17,006	37,778
Outsourced processing materials	4,076	2,930	2,646
	2,476,275	2,715,155	2,833,501
Less: write-downs of inventories	(1,083)	(5,276)	(2,785)
Total	<u>2,475,192</u>	<u>2,709,879</u>	<u>2,830,716</u>

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Our inventories increased by 9.5% from RMB2,475.2 million as of December 31, 2023 to RMB2,709.9 million as of December 31, 2024, primarily due to an increase in revenue driven by an increase in finished goods dispatched to customers and molds in connection with newly awarded vehicle models and the related inventory build-up for new model launches. Our inventories remain relatively stable at RMB2,709.9 million as of December 31, 2024 and RMB2,830.7 million as of September 30, 2025.

As of November 30, 2025, approximately RMB819.6 million, or 66.4% of inventories as of September 30, 2025, had been utilized or sold.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Within one year	2,469,680	2,702,888	2,812,336
Over one year	5,512	6,991	18,380
Total	<u>2,475,192</u>	<u>2,709,879</u>	<u>2,830,716</u>

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

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	<i>(Unaudited)</i>		
Inventory turnover days*	90.1	88.9	79.3

Note:

* Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year/period divided by cost of revenue for the relevant year/period and multiplied by 365 days for the year and 270 days for the nine months ended September 30, 2025.

Our inventory turnover days remained relatively stable at 90.1 days in 2023 and 88.9 days in 2024. Our inventory turnover days decreased from 88.9 days in 2024 to 79.3 days in the nine months ended September 30, 2025, primarily due to faster overall inventory movement associated with certain high-volume overseas OEM design-ins, which typically operate on relatively stable production schedules and more frequent delivery cycles. In addition, we strengthened inventory planning and execution during the period, which improved inventory utilization and contributed to the shortening of our overall inventory turnover days.

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Trade and Bills Receivables

Our trade and bills receivables primarily represented trade receivables, trade receivable financing and bills receivables. We had trade and bills receivables of RMB3,112.2 million, RMB3,803.1 million and RMB4,046.1 million as of December 31, 2023 and 2024 and September 30, 2025, respectively.

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

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Non-current			
Trade receivables	57,885	75,074	70,340
Less: Loss allowance	(19,994)	(21,031)	(20,671)
	37,891	54,043	49,669
Current			
– Trade receivables	3,137,213	3,934,321	4,258,441
– Bills receivables	151,574	99,202	30,123
Less: Loss allowance			
– Trade receivables	(174,819)	(227,885)	(241,905)
– Bill receivables	(1,816)	(2,518)	(514)
	(176,635)	(230,403)	(242,419)
Total	<u>3,112,152</u>	<u>3,803,120</u>	<u>4,046,145</u>

We normally provide our customers with credit terms ranging from approximately 60 to 120 days, subject to the creditworthiness of the relevant customers under our customer credit management system. Our trade and bills receivables increased by 22.2% from RMB3,112.2 million as of December 31, 2023 to RMB3,803.1 million as of December 31, 2024, and further increased by 6.4% from RMB4,046.1 million as of December 31, 2024 to RMB6,058.0 million as of September 30, 2025, primarily due to the increased scale of our business.

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

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Within one year	3,106,134	3,894,265	4,192,521
One to two years	17,270	14,616	37,429
Two to three years	6,838	11,681	13,374
Over three years	6,971	13,759	15,117
Total	<u>3,137,213</u>	<u>3,934,321</u>	<u>4,258,441</u>

The following table sets forth our trade receivables turnover days for the Track Record Period:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	<i>(Unaudited)</i>		
Trade receivables turnover days*	89.7	95.6	93.3

Note:

* Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade and bills receivables for a year/period divided by revenue for the relevant year/period and multiplied by 365 days for the year and 270 days for the nine months ended September 30, 2025.

Our trade receivables turnover days increased from 89.7 days in 2023 to 95.6 days in 2024, primarily due to slower collections from certain customers toward year-end, although generally within agreed credit terms. Our trade receivables turnover days remained relatively stable at 95.6 days in 2024 and 93.3 days in the nine months ended September 30, 2025.

As of November 30, 2025, approximately RMB2,695.9 million, or 67.1% of our trade and bills receivables as of September 30, 2025 had been settled.

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Prepayments and Other Receivables

Our prepayment and other receivables primarily represented prepayments for acquisition of PPE and other tax receivables. We had prepayment and other receivables of RMB731.4 million, RMB738.8 million and RMB862.2 million as of December 31, 2023 and 2024 and September 30, 2025, respectively.

The following table sets forth a breakdown of our prepayment and other receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Non-current			
Prepayments for acquisition of PPE . . .	221,379	405,650	481,997
Current			
Other tax receivables	237,326	286,467	263,393
Deposits	29,004	23,698	24,816
Prepayments made to the third-party suppliers	456,494	415,949	559,316
Tax prepayments	1,629	2,258	8,983
Others	9,444	16,807	11,479
Less: provision for impairment	(2,540)	(6,403)	(5,751)
Total	<u>731,357</u>	<u>738,776</u>	<u>862,236</u>

Our prepayment and other receivables remained relatively stable at RMB731.4 million as of December 31, 2023 and RMB738.8 million as of December 31, 2024. Our prepayments for acquisition of PPE increased from RMB221.4 million as of December 31, 2023 to RMB405.7 million as of December 31, 2024, primarily attributable to overseas capacity expansion in 2024, including advance payments for construction and equipment for our Mexico and Slovakia facilities. It further increased to RMB482.0 million as of September 30, 2025, primarily attributable to additional prepayments in 2025 for the construction of our Shanghai R&D office building and equipment procurement for our Slovakia operations. Our prepayment and other receivables increased by 16.7% from RMB738.8 million as of December 31, 2024 to RMB862.2 million as of September 30, 2025, mainly attributed to an increase in prepayments made to the third parties of RMB143.4 million, as we continued to expand our operations leading to higher advance payments for materials and molds.

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Financial Assets at Fair Value through Other Comprehensive Income (“FVOCI”)

Financial assets at FVOCI represented trade and note receivables at FVOCI, which mainly include bank acceptance notes transferred, discounted and endorsed for the purpose of daily treasury management and were qualified for derecognition. We had financial assets at FVOCI of RMB1,374.7 million, RMB1,458.6 million and RMB2,011.8 million as of December 31, 2023 and 2024 and September 30, 2025, respectively. The trade and note receivables at FVOCI will be matured within one year. Accordingly, we consider that the effect of the time value of money on their fair value is not significant. As a result, the fair value of trade and note receivables at FVOCI is approximate to the face value of the instruments.

Trade and Bills Payables

We had trade and bills payables of RMB5,670.1 million, RMB6,804.4 million and RMB7,148.1 million as of December 31, 2023 and 2024 and September 30, 2025, respectively. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Current			
Trade payables			
– third parties	4,196,212	4,617,978	4,974,757
Bills payable			
– bank	1,473,908	2,186,442	2,173,320
Total	<u>5,670,120</u>	<u>6,804,420</u>	<u>7,148,077</u>

Our trade and bills payables increased by 20.0% from RMB5,670.1 million as of December 31, 2023 to RMB6,804.4 million as of December 31, 2024, and further increased by 5.1% from RMB6,804.4 million as of December 31, 2024 to RMB7,148.1 million as of September 30, 2025, generally in line with our business growth.

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

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Within one year	4,181,539	4,595,134	4,949,670
One to two years	4,201	16,557	18,368
Two to three years	5,782	403	3,264
Over three years	4,690	5,884	3,455
Total	<u>4,196,212</u>	<u>4,617,978</u>	<u>4,974,757</u>

The following table sets forth our trade and bills payables turnover days for the Track Record Period:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	<i>(Unaudited)</i>		
Trade and bills payables turnover days*	175.2	168.6	163.5

Note:

* Trade and bills payables turnover days are calculated using the average of opening balance and closing balance of trade and bills payables for a year/period divided by cost of revenue used for the relevant year/period and multiplied by 365 days for the year and 270 days for the period.

Our trade and bills payables turnover days decreased from 175.2 days in 2023 to 168.6 days in 2024 and further to 163.5 days in the nine months ended September 30, 2025, primarily due to changes in our supplier mix, with an increasing proportion of suppliers providing us with shorter credit terms.

As of November 30, 2025, approximately RMB2,492.4 million, or 50.1% of our trade and bills payables as of September 30, 2025, had been settled.

Other Payables and Accruals

Our other payables and accruals primarily represented payroll and welfare payables, other taxes payable, other payable and other current liabilities.

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

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
Non-current			
– Other payable in relation to acquisition (<i>note 37</i>)	–	–	69,000
– Other non-current liabilities	–	21,217	90,216
– Payroll and welfare payables	788	1,048	1,161
	788	22,265	91,377
Current			
Other payables and accruals			
– Payroll and welfare payables	124,693	155,093	148,735
– Other tax payable	145,210	168,140	107,321
– Interest payable	1,350	2,256	1,758
– Other current liabilities	103,657	95,363	30,447
– Others	4,005	15,033	12,106
Total	<u>378,915</u>	<u>435,885</u>	<u>300,367</u>

Our other payables and accruals increased by 15.0% from RMB378.9 million as of December 31, 2023 to RMB435.9 million as of December 31, 2024, primarily due to (i) an increase in payroll and welfare payables as a result of higher headcount, (ii) an increase in taxes payable in line with our larger sales scale and (iii) an increase in other payables, mainly relating to the receipt of relocation-related compensation in connection with Beijing Xinquan, a portion of which had not yet reached the contractual payment date as of December 31, 2024. Our other payables and accruals decreased by 31.1% from RMB435.9 million as of December 31, 2024 to RMB300.4 million as of September 30, 2025, mainly because of a decrease in (i) other current liabilities attributable to fewer bank acceptance bills being endorsed before maturity, (ii) other tax payable and (iii) payroll and welfare payables, partially offset by an increase in other payable mainly related to the outstanding consideration payable for the acquisition of Anhui Ruiqi.

As of November 30, 2025, approximately RMB202.5 million, or 47.3% of our other payables and accruals as of September 30, 2025, had been settled.

Contract Liabilities

Our contract liabilities primarily represented prepayments from customers in relation to automotive trim system solutions. Our contract liabilities decreased by 14.3% from RMB114.5 million as of December 31, 2023 to RMB98.2 million as of December 31, 2024, primarily due

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to a decrease in advance for development and sales of molds. Our contract liabilities increased by 43.0% from RMB98.2 million as of December 31, 2024 to RMB140.4 million as of September 30, 2025, primarily due to an increase in advance for development and sales of molds.

As of November 30, 2025, RMB33.7 million, or 24.0% of our contract liabilities as of September 30, 2025, had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements principally from cash generated from operations and bank borrowings. After the [REDACTED], we intend to finance our future capital requirements through proceeds from our business operations, bank borrowings and the net [REDACTED] from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

As of December 31, 2023 and 2024 and September 30, 2025, we had cash and cash equivalents of RMB1,191.2 million, RMB1,325.5 million and RMB749.4 million, respectively. Taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including our cash and cash equivalents, our available banking facilities and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flow

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

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
			<i>(RMB'000)</i>	
Net cashflow from/(used in)				
operating activities	760,665	1,316,346	490,630	188,515
Net cashflow used in				
investing activities	(1,068,613)	(1,454,744)	(1,207,267)	(969,264)
Net cashflow from financing				
activities	1,046,203	288,273	279,853	204,450
Net increase in cash and cash				
equivalents	737,655	149,875	(436,784)	(576,299)

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	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
			<i>(RMB'000)</i>	
Cash and cash equivalents at the beginning of year/period	454,857	1,191,203	1,191,203	1,325,516
Effects of exchange rate changes on cash and cash equivalents	<u>(1,309)</u>	<u>(15,562)</u>	<u>(36,289)</u>	<u>144</u>
Cash and cash equivalents at end of year/period . . .	<u>1,191,203</u>	<u>1,325,516</u>	<u>718,130</u>	<u>749,361</u>

Net Cashflow from/(Used in) Operating Activities

In the nine months ended September 30, 2025, our net cash generated from operating activities was RMB188.5 million, which was primarily attributable to our profit before tax of RMB685.0 million, as adjusted by: (i) non-cash and non-operating items which primarily consisted of depreciation of property, plant and equipment of RMB348.6 million; and (ii) changes in working capital. Negative changes in working capital primarily consist of an increase in trade and bill receivables of RMB158.4 million and an increase in prepayments, deposits and other receivables of RMB1,216.6 million, partially offset by an increase in other payables and accruals of RMB323.8 million and an increase in trade and note payables of RMB243.1 million.

In 2024, our net cash generated from operating activities was RMB1,316.3 million, which was primarily attributable to our profit before tax of RMB1,106.2 million, as adjusted by: (i) non-cash and non-operating items which primarily consisted of depreciation of property, plant and equipment of RMB331.5 million and finance costs of RMB91.4 million; and (ii) changes in working capital. Negative changes in working capital primarily consist of an increase in prepayments, deposits and other receivables of RMB1,214.5 million, an increase in trade and bill receivables of RMB754.5 million and an increase in inventories of RMB240.0 million, partially offset by an increase in trade and note payables of RMB1,145.4 million and an increase in other payables and accruals of RMB788.5 million.

In 2023, our net cash generated from operating activities was RMB760.7 million, which was primarily attributable to our profit before tax of RMB913.8 million, as adjusted by: (i) non-cash and non-operating items which primarily consisted of depreciation of property, plant and equipment of RMB262.4 million; and (ii) changes in working capital. Negative changes in working capital primarily consist of an increase in trade and bill receivables of RMB1,531.1

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million, an increase in prepayments, deposits and other receivables of RMB1,075.0 million and an increase in inventories of RMB726.1 million, partially offset by an increase in trade and note payables of RMB1,979.0 million and an increase in other payables and accruals of RMB736.2 million.

Net Cashflow Used in Investing Activities

In the nine months ended September 30, 2025, our net cash used in investing activities was RMB969.3 million, primarily due to purchases of PPE of RMB829.7 million and payment for acquisition of subsidiaries of RMB146.3 million.

In 2024, our net cash used in investing activities was RMB1,454.7 million, primarily due to purchases of PPE of RMB1,478.3 million.

In 2023, our net cash used in investing activities was RMB1,068.6 million, primarily due to purchases of PPE of RMB1,072.7 million.

Net Cashflow from Financing Activities

During the Track Record Period, we derived our cash inflows from financing activities primarily from bank borrowings and proceeds from issuance of convertible bond.

In the nine months ended September 30, 2025, our net cash generated from financing activities was RMB204.5 million, primarily due to proceeds from borrowings of RMB1,169.0 million, which were partially offset by: (i) repayment of borrowings of RMB746.0 million; and (ii) dividend paid of RMB146.2 million.

In 2024, our net cash generated from financing activities was RMB288.3 million, primarily due to proceeds from borrowings of RMB1,648.0 million, which were partially offset by: (i) repayment of borrowings of RMB1,141.0 million; and (ii) dividend paid of RMB146.2 million.

In 2023, our net cash generated from financing activities was RMB1,046.2 million, primarily due to: (i) issuance of the convertible bond of RMB1,151.0 million; and (ii) proceeds from borrowings of RMB793.3 million, which were partially offset by: (i) repayment of borrowings of RMB683.1 million; and (ii) dividend paid of RMB146.7 million.

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INDEBTEDNESS

During the Track Record Period, our indebtedness included borrowings and lease liabilities. The following table sets forth the details of our indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
			<i>(RMB'000)</i>	
Current				
Borrowings	689,489	753,944	861,903	882,973
Lease liabilities	19,876	20,411	25,076	25,081
Non-current				
Borrowings	468,288	911,628	1,226,918	1,504,368
Lease liabilities	36,877	62,162	209,520	202,353
Total	<u>1,214,530</u>	<u>1,748,145</u>	<u>2,323,417</u>	<u>2,614,774</u>

Borrowings

As of December 31, 2023 and 2024 and September 30, 2025, we had borrowings of RMB1,157.8 million, RMB1,665.6 million and RMB2,088.8 million, respectively. Our borrowings are mainly denominated in Renminbi. The interest rate on our fixed-rate bank borrowings ranges from 2.1% to 4.2%. As of November 30, 2025, our unutilized banking facilities amounted to RMB3,107.8 million.

Lease Liabilities

As of December 31, 2023 and 2024 and September 30, 2025, we had lease liabilities of RMB56.8 million, RMB82.6 million and RMB234.6 million, respectively, mainly representing financial obligations for leased assets.

Our lease liabilities increased from RMB56.8 million as of December 31, 2023 to RMB82.6 million as of December 31, 2024, primarily due to the increase in non-current lease liabilities mainly resulting from the expansion of our leased facilities in Slovakia and the United States. Our lease liabilities increased from RMB82.6 million as of December 31, 2024 to RMB234.6 million as of September 30, 2025, primarily due to the increase in non-current lease liabilities associated with the expansion of our leased facilities in the United States and at our Anhui Ruiqi plant.

Our Directors confirm that there was no default in payments of our liabilities and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

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No Other Outstanding Indebtedness

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of November 30, 2025, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since November 30, 2025.

Contingent Liabilities and Guarantees

As of December 31, 2023 and 2024 and September 30, 2025, we did not have any contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the years/periods indicated:

	Year ended/As of December 31,		Nine months ended/As of September 30,
	2023	2024	2025
			<i>(Unaudited)</i>
Return on total assets (%) ⁽¹⁾	7.1%	6.6%	N/A ⁽⁵⁾
Return on equity (%) ⁽²⁾	17.6%	18.3%	N/A ⁽⁵⁾
Current ratio ⁽³⁾	1.3	1.3	1.3
Quick ratio ⁽⁴⁾	<u>1.0</u>	<u>0.9</u>	<u>0.9</u>

Notes:

- (1) Return on total assets equals profit for the year/period divided by the average of the beginning and ending total assets, and multiplied by 100%.
- (2) Return on equity equals profit for the year/period divided by the average of the beginning and ending total equity, and multiplied by 100%.
- (3) Current ratio is calculated by dividing current assets by current liabilities.
- (4) Quick ratio is calculated by dividing current assets less inventories by current liabilities.
- (5) The ratios are not presented for incomplete years.

Our return on total assets decreased from 7.1% as of December 31, 2023 to 6.6% as of December 31, 2024, primarily due to the increase of our total assets. Our return on equity increased from 17.6% as of December 31, 2023 to 18.3% as of December 31, 2024, primarily due to the increase of our equity.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, save as disclosed above, we had not entered into any off-balance sheet arrangements.

COMMITMENTS

During the Track Record Period, our capital commitments were mainly construction in progress. As of December 31, 2023 and 2024 and September 30, 2025, the total amount of our capital commitments was RMB1,636.0 million, RMB1,414.3 million and RMB1,490.0 million, respectively.

CAPITAL EXPENDITURES

Our capital expenditures consisted of PPE, intangible assets and non-current assets. Other non-current assets mainly represented prepayments for long-term assets, including advance payments for construction projects, production equipment and land use rights. Our capital expenditures in 2023 and 2024 and September 30, 2025 were RMB1,636.0 million, RMB1,414.3 million and RMB1,490.0 million, respectively.

The following table sets forth our capital expenditures for the years/periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	<i>(RMB'000)</i>		<i>(Unaudited)</i>
PPE	1,305,730	987,629	843,018
Intangible assets	108,932	21,052	164,986
Non-current assets	221,379	405,650	481,997
Total	1,636,041	1,414,331	1,490,002

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities, equity and debt financing. We intend to fund our future capital expenditures with a combination of operating cashflow, equity and debt financing and net [REDACTED] received from the [REDACTED].

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 40 of Appendix I to this document.

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

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FINANCIAL RISK DISCLOSURE

The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. Our Board reviews and agrees policies for managing each of these risks.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

Credit Risk

An impairment analysis was performed at end of each of the Track Record Period using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

DIVIDEND AND DIVIDEND POLICIES

Our Company declared dividends of RMB146.2 million, RMB146.2 million and nil in 2023 and 2024 and the nine months ended September 30, 2025, representing dividend payout ratios of 18.2%, 15.0% and nil, respectively. The dividend payout ratio is calculated by dividing the dividends declared in respect of a financial year by the net profit for the year attributable to equity holders of the Company for the same year. We currently do not have a fixed dividend payout ratio. As of the Latest Practicable Date, we have paid the dividends declared in 2023 and 2024. See Note 35 to the Accountants' Report in Appendix I to this document.

After completion of the [REDACTED], our Shareholders will be entitled to receive any dividends we declare. Our dividend policy states that our Board may declare dividends in the future after taking into account, among other things, our results of operations, financial condition, cash requirements and availability, future business prospects and other factors it considers relevant at the time. Our dividend policy further states that the aggregate amount of cash dividends distributed over any three consecutive financial years will be no less than 30% of the average annual net profit attributable to equity holders of our Company for the same period. Our future declarations of dividends may not be in line with our historical declarations

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of dividends and will be subject to the approval of our Shareholders. See “Risk Factors — Risks Relating to the [REDACTED] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future” in this document.

No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve until the cumulative amount of such reserve has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of September 30, 2025, we had distributable reserves of RMB1,164.2 million.

[REDACTED] EXPENSE

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] stated in this document), the aggregate commissions and fees, together with the Stock Exchange [REDACTED] fee, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the [REDACTED], which are payable by us, are estimated to amount in aggregate to be approximately RMB[REDACTED], accounting for [REDACTED]% of the gross [REDACTED] from the [REDACTED], of which approximately RMB[REDACTED] is expected to be charged to profit and loss, and approximately RMB[REDACTED] is directly attributable to the [REDACTED] and [REDACTED] of our [REDACTED] and will be deducted from equity upon the [REDACTED]. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately RMB[REDACTED] and (ii) non-[REDACTED] expenses of approximately RMB[REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[REDACTED] and other fees and expenses of approximately RMB[REDACTED].

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end date of our latest audited financial statements, and there has been no event since September 30, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

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DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.