You should read the following discussion and analysis in conjunction with our audited consolidated financial information included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2022, 2023 and 2024 refer to the years ended December 31, 2022, 2023 and 2024, respectively.

OVERVIEW

We are a world-leading innovative technology company specializing in precision intelligent manufacturing. We provide cross-sector, vertically integrated development and intelligent manufacturing solutions—from components and modules to systems—for global clients across consumer electronics, automotive electronics, communication and data centers, and other end markets.

We achieved robust growth during the Track Record Period. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our revenue amounted to RMB214.0 billion, RMB231.9 billion, RMB268.8 billion, RMB177.2 billion and RMB220.9 billion, respectively. In particular, revenue from our automotive electronics, and communication and data center business lines experienced faster growth from 2022 to 2024, representing a CAGR of 49.6% and 19.6%, respectively. During the same periods, our net profit amounted to RMB10.5 billion, RMB12.2 billion, RMB14.6 billion, RMB9.8 billion and RMB12.7 billion, respectively. Moreover, in 2022, 2023 and 2024, our return on equity amounted to 22.7%, 21.5% and 21.3%, respectively.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("**IASB**"). In addition, the consolidated financial information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange. For the purpose of preparing the consolidated financial information, the accounting policies adopted conform with all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, consistently throughout the Track Record Period, unless otherwise stated.

The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets/liabilities at fair value through profit or loss ("**FVTPL**") and financial assets at fair value through other comprehensive income ("**FVTOCI**").

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations and financial condition are mainly affected by the following factors:

Global Macroeconomic Trends and Other Factors Affecting the PIMS Industry

We are a global business with operations in multiple regions. Our business and operating results are therefore affected by global economic conditions, including overall global economic growth and the level of per capita disposable income, growth of end markets and international trade policies, among other things. Changes in global economic conditions and consumer and business spending could affect demand for our products and solutions and in turn affect our results of operations. Given our extensive international business operations, we are subject to the economic and social changes that may arise in these jurisdictions. Our activities are regulated by the legal and regulatory frameworks specific to each country or territory where we conduct business. This requires us to maintain a high level of vigilance and adaptability to ensure compliance with local laws and regulations. At the same time, we must actively manage risks associated with political or social shifts that could affect our operations, market presence, or overall stability.

From 2019 to 2024, the global PIMS market expanded steadily from RMB6,946.5 billion to RMB9,016.9 billion, representing a CAGR of 5.4%. This consistent upward trajectory underscores sustained demand for investment in automation, AI-enabled manufacturing processes, and the rising need for high-precision components across diverse end markets. Looking ahead, the global PIMS market is forecast to grow from RMB9,469.1 billion in 2025 to RMB12,182.7 billion in 2029, representing a CAGR of 6.5%, reflecting continued technology upgrades, broader adoption of intelligent components and modules manufacturing solutions, and the deepening digital transformation of global manufacturing value chains. For details, see "Industry Overview."

Key factors which will impact the global PIMS market include: (i) end-user demand for improvements in functionality, portability, and aesthetics of products, driving the need for precision manufacturing; (ii) the rapid evolution of foundational digital technologies—particularly in AI, computing infrastructure, and industrial automation; (iii) the surge of "future factories" sparking market expansion; (iv) specialized value chain requiring customized solutions; and (v) coordinated policy tailwinds propelling precision manufacturing worldwide. Our success in the global PIMS market will depend on our ability to leverage our strengths and continuously adapt to the constant technological evolution to meet ever-changing customers' demands.

Product Mix and Pricing

The product and solution mix we provide affects our revenue and profitability. Our business strategy is to offer vertically integrated solutions across a broad array of application scenarios. In line with our strategy, we have been expanding our product and solution offerings along the global PIMS industry value chain, covering components, modules and systems. Our product offerings have expanded from consumer electronics to automotive electronics, and communication and data centers, as well as other markets such as healthcare, continuously broadening our technological and commercial horizons. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our consumer electronics products and solutions accounted for RMB190.9 billion, RMB204.7 billion, RMB233.1 billion, RMB152.4 billion and RMB176.2 billion, representing 89.2%, 88.3%, 86.7%, 86.0%, and 79.8% of our total revenue in the same periods, respectively. Our automotive electronics, and communication and data center business lines experienced continuous growth in revenue from 2022 to 2024, representing a CAGR of 49.6% and 19.6%, respectively. Our revenue from our automotive electronics business line for the nine months ended September 30, 2025 increased by 155.3% from the same period in 2024, and our revenue for our communication and data center business line for the nine months ended September 30, 2025 increased by 38.4% from the same period in 2024. As we diversify our product mix, we expect revenue from business lines other than consumer electronics may account for a larger percentage of our total revenue in the future.

Our wide range of products and solutions have different selling prices and margin profiles. For example, in 2022, 2023 and 2024, and in the nine months ended September 30, 2024 and 2025, our overall gross profit margin was 11.9%, 11.1%, 10.1%, 11.5%, and 11.8%, respectively. For the same periods, our gross profit margin for our automotive electronics business was 16.0%, 15.7%, 15.8%, 15.9% and 15.2%, respectively, and our gross profit margin for communication and data center business was 10.9%, 15.5%, 16.0%, 16.0% and 18.5%, respectively, which was generally higher than our overall gross profit margin for the same periods. Furthermore, the gross profit margins for components and modules are generally higher than those for system products. Therefore, changes in our mix of products and solutions could materially affect our overall profit margin.

Our profitability is also affected by our ability to price our products and solutions to achieve our intended profit margins, which is in turn affected by market competition, pricing of similar products and solutions offered by our peers and our bargaining power.

Ability to Attract New Customers and Retain Existing Customers

Our results of operations depend significantly on customer demand. Our business performance has been, and we expect will continue to be, affected by our ability to attract new customers and maintain our relationship with existing customers. Our increased customer loyalty since our inception has enhanced our overall capabilities, including product precision, the breadth of products we provide, and responsiveness. This has positioned us as an important supplier to our customers. We have been able to provide significant value in technology innovation during the early stages of product development, which helps foster our customer loyalty. We provide products and solutions to end customers with leading positions in their respective industries. We also possess the capabilities to support and empower customers which are emerging and are leaders-to-be in their respective fields.

End markets of the global PIMS industry are characterized by intense competition and price fluctuations in recent years. As our customers seek to launch new products at competitive prices, we must in turn (i) advance our technological and R&D capabilities that meet their required features and specifications, and (ii) optimize our production efficiency to reduce costs. Our deep technological expertise and robust R&D capabilities enable us to secure our leadership in a fiercely competitive market, with an advantage to quickly adapt to, or even drive, technological evolution, enhance production efficiency, manage production costs, which will in turn affect our customers' demand for our products and solutions as well as our profit margins. Moreover, demand for our products and solutions is also affected by our customers' performance in their respective end markets.

Furthermore, our ability to deepen our relationship with our existing customers is affected by our ability to (i) enhance our R&D to produce new products that meet our customers' evolving requirements and (ii) cross-sell our products and solutions to our customers, which in turn depends on our ability to adapt, upgrade or transform our technologies to provide products and solutions to suit evolving demands.

Development in New Markets and New Products and Solutions

Our ability to timely identify new growth markets, strategically enter new markets and sell new products is the key to our continuous growth. We are confident in our ability in horizontal growth, and with our well established technological advantages in providing precision intelligent innovation and manufacturing solutions. We aim to develop products suitable for other emerging markets in addition to the ones we currently operate in.

By leveraging our strong foundational technology, we have been able to expand our business to reach more markets, including automotive electronics, communication and data centers, among others. On top of our technological bedrock and modular capabilities, we have also been able to upgrade and expand our consumer electronics product mix, with new inventions and continuous product iterations.

The successful entry to new markets is dependent on various factors such as market conditions, entry barriers, competition landscape, regulatory environment, supply chain, customer demand, and the positioning of our new products. Our ability to develop, produce and introduce new products beyond our current business that meet customer demand at reasonable cost could affect our business, financial condition and results of operations.

Cost Control and Operational Efficiency

Our ability to control costs and achieve higher operational efficiency is key to improving our profitability. During the Track Record Period, our cost of sales primarily consisted of (i) costs of materials; (ii) production costs; and (iii) staff costs. In 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our cost of sales amounted to RMB188.5 billion, RMB206.2 billion, RMB241.7 billion, RMB156.8 billion and RMB194.9 billion, respectively, among which costs of materials accounted for the majority. Accordingly, our ability to source key raw materials at competitive prices affects our gross profit margin and profitability. In addition, while a large part of our production equipment and facilities have been automated, staff costs remain a key component of our cost of sales. Fluctuations in staff costs could significantly affect our results of operations and profit margins.

We are committed to continuing scaling up our business operations while effectively managing our cost of sales to achieve higher gross profit margins. We are also constantly exploring ways to improve our operating efficiency in various areas. For instance, we plan to continuously optimize our production efficiency and yield by utilizing intelligent manufacturing in our production base and our business.

R&D Efforts and Outcomes

We are a world-leading innovative precision intelligent manufacturing technology company. Since our inception, technological innovation has been embedded in our DNA. We consistently prioritize R&D and innovation in our business development, striving to revolutionize traditional manufacturing processes and continuously enhance automation levels.

We place strong emphasis on long-term investments in foundational materials and innovative production technologies, continuously exploring advanced precision manufacturing techniques and product applications. Since our inception, we have accumulated expertise in core technologies such as acoustic, optical, electrical, thermal, magnetic, RF, and structural technologies. Through systematic research into foundational materials, manufacturing process, and testing technologies, we have achieved comprehensive technical coverage from core components to complex modules and system integration. By combining these capabilities with deep industry understanding, we drive ongoing innovation in new materials and processes, leading the growth of our business.

We have invested substantially in our R&D. In 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, we incurred R&D expenses of RMB8,447.0 million, RMB8,188.8 million, RMB8,556.0 million, RMB6,997.1 million and RMB8,170.4 million, representing 56.8%, 53.7%, 51.3%, 56.0%, and 49.9% of our operating expenses (including our selling expenses, general and administrative expenses, and R&D expenses), respectively. As of September 30, 2025, we owned 9,185 patents, including 2,241 invention patents. For details, see "Business—Technologies and R&D."

Going forward, we will continuously enhance our technologies and optimize our product portfolio in order to strengthen our market position. We will invest in technology R&D, refine our manufacturing processes and enhance our intelligent manufacturing capabilities. Whether our R&D efforts will achieve our intended results, and whether we will be able to successfully implement new technologies to achieve our intended benefits, will affect our business and results of operations.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. 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 operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation with regard to the procedures and methods used by our management in making accounting estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider: (i) our selection of accounting policies as disclosed in Note 2 of the Accountants' Report in Appendix I to this document; and (ii) the results to changes in conditions and assumptions.

We believe that the (i) material accounting information in relation to revenue cognition, contract fulfillment costs, business combinations, property, plant and equipment, investment properties, goodwill, as detailed in Note 2 of the Accountants' Report in Appendix I to this document and (ii) accounting judgments and estimates including the estimation of fair value of financial assets at FVTPL and financial assets at FVTOCI, inventory provision, provision of expected credit losses for financial assets at amotized cost, impairment assessment of non-financial assets, share-based compensations, impairment of goodwill and uncertain tax position and recognition of current and deferred income tax assets, as set forth in details in Note 4 to the Accountants' Report in Appendix I to this document are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,						Nine months ended Sepetmber 30,			
	2022		2023		2024		2024		2025	
	(RMB'000)	*% of revenue*	*(RMB'000)*	*% of revenue*	*(RMB'000)*	*% of revenue*	*(RMB'000)* (Unaudited)	*% of revenue*	*(RMB'000)*	*% of revenue*
Revenue	214,028,394	100.0	231,905,460	100.0	268,794,738	100.0	177,176,885	100.0	220,914,628	100.0
Cost of sales	(188,542,117)	(88.1)	(206,167,687)	(88.9)	(241,725,138)	(89.9)	(156,838,764)	(88.5)	(194,859,579)	(88.2)
Gross profit	25,486,277	11.9	25,737,773	11.1	27,069,600	10.1	20,338,121	11.5	26,055,049	11.8
Other income	631,069	0.3	912,857	0.4	1,046,027	0.4	599,034	0.3	696,654	0.3
Other (losses)/gains, net	(313,556)	(0.1)	(221,658)	(0.1)	1,847,996	0.7	761,853	0.4	2,261,138	1.0
Impairment losses under ECL model, net of reversal	(47,182)	—(1)	23,274	—(1)	(10,088)	—(1)	8,133	—(1)	(79,310)	—(1)
Selling expenses	(831,398)	(0.4)	(889,024)	(0.4)	(1,059,677)	(0.4)	(753,469)	(0.4)	(1,043,997)	(0.5)
General and administrative expenses	(5,581,209)	(2.6)	(6,162,485)	(2.7)	(7,052,941)	(2.6)	(4,740,493)	(2.7)	(7,174,978)	(3.2)
R&D expenses	(8,447,039)	(3.9)	(8,188,768)	(3.5)	(8,555,957)	(3.2)	(6,997,131)	(3.9)	(8,170,442)	(3.7)
Operating profit	**10,896,962**	**5.1**	**11,211,969**	**4.8**	**13,284,960**	**4.9**	**9,216,048**	**5.2**	**12,544,114**	**5.7**
Finance income	504,344	0.2	1,005,581	0.4	968,280	0.4	793,164	0.4	836,250	0.4
Finance cost	(1,038,071)	(0.5)	(1,376,870)	(0.6)	(1,462,653)	(0.5)	(1,120,676)	(0.6)	(1,419,636)	(0.6)
Finance costs—net	**(533,727)**	**(0.2)**	**(371,289)**	**(0.2)**	**(494,373)**	**(0.2)**	**(327,512)**	**(0.2)**	**(583,386)**	**(0.3)**
Share of profits of associates	770,982	0.4	2,028,502	0.9	3,301,007	1.2	1,632,839	0.9	2,250,613	1.0
Share of profits of joint venture	23,778	—(1)	15,860	—(1)	17,145	—(1)	10,959	—(1)	16,913	—(1)
Profit before income tax	**11,157,995**	**5.2**	**12,885,042**	**5.6**	**16,108,739**	**6.0**	**10,532,334**	**5.9**	**14,228,254**	**6.4**
Income tax expense	(667,318)	(0.3)	(641,829)	(0.3)	(1,529,695)	(0.6)	(745,623)	(0.4)	(1,500,025)	(0.7)
Profit for the year/period	**10,490,677**	**4.9**	**12,243,213**	**5.3**	**14,579,044**	**5.4**	**9,786,711**	**5.5**	**12,728,229**	**5.8**
Profit for the year/period attributable to:										
Owners of the Company	9,163,105	4.3	10,952,657	4.7	13,365,651	4.9	9,074,955	5.1	11,518,291	5.2
Non-controlling interests	1,327,572	0.6	1,290,556	0.6	1,213,393	0.5	711,756	0.4	1,209,938	0.6
	10,490,677	**4.9**	**12,243,213**	**5.3**	**14,579,044**	**5.4**	**9,786,711**	**5.5**	**12,728,229**	**5.8**

Note:

(1) Less than 0.1%

Revenue

During the Track Record Period, we derived revenue from four business lines, including sales of (i) consumer electronics products and solutions; (ii) automotive electronics products and solutions; (iii) communication and data center products and solutions; and (iv) others, mainly consisting of components and modules for medical devices and industrial equipment.

Revenue by Business Line

The following table sets forth a breakdown of our revenue generated from four different business lines in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Nine months ended Sepetmber 30,			
	2022		2023		2024		2024		2025	
	(RMB'000)	*% of revenue*	*(RMB'000)*	*% of revenue*	*(RMB'000)*	*% of revenue*	*(RMB'000)*	*% of revenue*	*(RMB'000)*	*% of revenue*
							(Unaudited)			
Consumer electronics	190,946,783	89.2	204,675,728	88.3	233,096,020	86.7	152,445,640	86.0	176,224,003	79.8
— *components and modules*	118,349,847	55.3	126,160,256	54.4	147,756,874	55.0	95,975,987	54.1	114,653,627	51.9
— *systems*	72,596,936	33.9	78,515,472	33.9	85,339,146	31.7	56,469,653	31.9	61,570,376	27.9
Automotive electronics	6,149,360	2.9	9,252,369	4.0	13,757,629	5.1	9,277,066	5.2	23,688,466	10.7
Communication and data centers	12,834,368	6.0	14,538,256	6.3	18,359,940	6.8	12,875,013	7.3	17,818,030	8.1
Others[1]	4,097,883	1.9	3,439,107	1.5	3,581,149	1.3	2,579,166	1.5	3,184,129	1.4
Total	**214,028,394**	**100.0**	**231,905,460**	**100.0**	**268,794,738**	**100.0**	**177,176,885**	**100.0**	**220,914,628**	**100.0**

Note:

(1) Mainly consisting of components and modules for medical devices and industrial equipment.

Our total revenue increased by 8.4% from RMB214.0 billion in 2022 to RMB231.9 billion in 2023, primarily attributable to a steady increase in sales of consumer electronics products and solutions and communication and data center products and solutions, and a significant increase in sales of automotive electronics products and solutions. Our total revenue increased by 15.9% from RMB231.9 billion in 2023 to RMB268.8 billion in 2024, primarily attributable to an overall increase in all of our business lines, mainly driven by the increase in customers' demand for our products, which was primarily affected by factors such as our efforts in providing integrated solutions, industry trends, end-users' demand, and general economic and market conditions, among others. Our total revenue increased by 24.7% from RMB177.2 billion for the nine months ended September 30, 2024 to RMB220.9 billion for the nine months ended September 30, 2025, reflecting broad-based growth across all business lines.

Consumer Electronics

Our consumer electronics products and solutions primarily consisted of a range of components, modules and system solutions for end products used in multiple scenarios, including office, home and outdoor spaces.

Revenue from our sales of consumer electronics products and solutions increased by 7.2% from RMB190.9 billion in 2022 to RMB204.7 billion in 2023, primarily due to the increase in ASP, driven by the increased contribution of our system products. Revenue from our sales of consumer electronics products and solutions increased by 13.9% from RMB204.7 billion in 2023 to RMB233.1 billion in 2024, primarily due to (i) an increase in sales volume of our existing products due to increased orders from new and existing customers; (ii) our offering of new products, such as new smart home products; and (iii) our acquisition of the Qorvo Business in May 2024. Revenue from our sales of consumer electronics products and solutions increased by 15.6% from RMB152.4 billion for the nine months ended September 30, 2024 to RMB176.2 billion for the nine months ended September 30, 2025, primarily due to (i) an increase in sales volume, driven by our continuous success in vertical integration in consumer electronics, providing more components, modules and systems for consumer electronics for products in application scenarios such as office, home and outdoor spaces; and (ii) increased sales volume resulting from our acquisition of the Wingtech Businesses.

Automotive Electronics

Our automotive electronics products and solutions primarily consisted of automotive nervous and vascular system, intelligent cockpit and ADAS, intelligent chassis system, vehicle entry system and powertrain system.

Revenue from our sales of automotive electronics products and solutions increased by 50.5% from RMB6.1 billion in 2022 to RMB9.3 billion in 2023, primairly due to (i) increased purchases from existing customers as we diversified our product portfolio; and (ii) orders from new OEM customers. Revenue from our sales of automotive electronics products and solutions increased significantly by 48.7% from RMB9.3 billion in 2023 to RMB13.8 billion in 2024, primarily due to (i) increased purchases by existing customers as we diversified our product portfolio; and (ii) orders from new OEM customers. Revenue from our sales of automotive electronics products and solutions increased by 155.3% from RMB9.3 billion for the nine months ended September 30, 2024 to RMB23.7 billion for the nine months ended September 30, 2025, primarily due to (i) an increase in sales of vehicle wiring harnesses driven by an increase in the sales volume of NEVs in the end market, and (ii) the consolidation of Leoni Business.

Communication and Data Centers

Our communication and data center products and solutions primarily consisted of communication equipment such as base station antenna, wireless access, digital room distribution and point-to-point microwave transmission system, and data center products and solutions such as copper connectivity, optical connectivity, thermal management and power solutions.

Revenue from our sales of communication and data center products and solutions increased by 13.3% from RMB12.8 billion in 2022 to RMB14.5 billion in 2023, primarily due to an increase in demand for system products for communication and data centers, driven by a surge in demand for computing power after the emergence of generative AI toward the end of 2022. Revenue from our sales of communication and data center products and solutions increased by 26.3% from RMB14.5 billion in 2023 to RMB18.4 billion in 2024, primarily due to an increase in demand for components and modules for communication and data centers driven by the increased application of AI technology, in particular our cables, connectors, power supply modules, and thermal management modules. Revenue from our sales of communication and data center products and solutions increased by 38.4% from RMB12.9 billion for the nine months ended September 30, 2024 to RMB17.8 billion for the nine months ended September 30, 2025, primarily due to an increase in the sales of data center related wiring harness and connectors, driven by growing AI computing demand.

Others

During the Track Record Period, we generated revenue from other products and solutions, mainly consisting of sales of components and modules for medical devices and industrial equipment.

Revenue from our sales of other products and solutions decreased from RMB4.1 billion in 2022 to RMB3.4 billion in 2023, primarily as products and solutions sold in this category are fragmented and fluctuations are subject to customer demand. Revenue from our sales of other products and solutions remained relatively stable at RMB3.4 billion in 2023 and RMB3.6 billion in 2024. Revenue from our sales of other products and solutions increased by 23.5% from RMB2.6 billion for the nine months ended September 30, 2024 to RMB3.2 billion for the nine months ended September 30, 2025, primarily due to an increase in sales of components and modules for medical devices and industrial equipment which have relatively higher ASPs.

Revenue by Geographic Region

During the Track Record Period, we had revenue from both customers incorporated in Chinese Mainland and outside of Chinese Mainland, including Europe, North America, other parts of Asia and other regions. The following table sets forth a breakdown of our revenue by geographic region based on the place of registration of our customers in absolute amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Nine months ended Sepetmber 30,			
	2022		2023		2024		2024		2025	
	(RMB'000)	*% of revenue*	*(RMB'000)*	*% of revenue*	*(RMB'000)*	*% of revenue*	*(RMB'000)*	*% of revenue*	*(RMB'000)*	*% of revenue*
							(Unaudited)			
Europe(1)	96,086,293	44.9	90,987,715	39.2	93,134,443	34.7	58,362,589	32.9	56,799,014	25.7
North America(2)	67,501,299	31.5	75,048,479	32.4	85,438,989	31.8	54,973,374	31.0	68,637,966	31.1
Asia (excluding Chinese Mainland)(3)	14,932,196	7.0	29,904,124	12.9	47,080,871	17.5	33,566,534	18.9	54,088,325	24.5
Others(4)	74,327	—(5)	108,020	—(5)	125,045	—(5)	98,884	0.2	137,178	0.1
Sub-total	**178,594,115**	**83.4**	**196,048,338**	**84.5**	**225,779,348**	**84.0**	**147,001,380**	**83.0**	**179,662,483**	**81.4**
Chinese Mainland	35,434,279	16.6	35,857,122	15.5	43,015,390	16.0	30,175,505	17.0	41,252,145	18.6
Total	**214,028,394**	**100.0**	**231,905,460**	**100.0**	**268,794,738**	**100.0**	**177,176,885**	**100.0**	**220,914,628**	**100.0**

Notes:

(1) Primarily includes Ireland and England

(2) Primarily includes the U.S.

(3) Primarily includes Singapore, Hong Kong, Taiwan and Vietnam

(4) Primarily includes Brazil, Australia and New Zealand

(5) Less than 0.1%

During the Track Record Period, revenue from sales to customers incorporated outside of Chinese Mainland constituted a majority of our total revenue. The total revenue from sales to customers outside of Chinese Mainland for 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025 was RMB178.6 billion, RMB196.0 billion, RMB225.8 billion, RMB147.0 billion and RMB179.7 billion, respectively. This represented 83.4%, 84.5%, 84.0%, 83.0%, and 81.4% of our total revenue during the same periods, respectively, remaining relatively stable during the Track Record Period, representing successful implementation of our strategy to continuously develop and maintain relationships with customers on a global scale.

Sales Volume and Average Selling Price (ASP)

The following table sets forth a breakdown of our sales volume and ASP for different business lines for the periods indicated:

		Year ended December 31,						Nine months ended Sepetmber 30,			
		2022		2023		2024		2024		2025	
	Unit	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP
		('000)	*(RMB per piece/per set)*	*('000)*	*(RMB per piece/per set)*	*('000)*	*(RMB per piece/per set)*	*('000)*	*(RMB per piece/per set)*	*('000)*	*(RMB per piece/per set)*
Consumer electronics	pieces	4,379,701	43.6	4,324,488	47.3	7,382,485	31.6	4,583,699	33.3	5,965,016	29.5
Automotive electronics	sets	323,444	19.0	289,181	32.0	302,174	45.5	206,529	44.9	369,116	64.2
Communication and data centers	pieces	484,370	26.5	273,342	53.2	446,162	41.2	334,300	38.5	375,835	47.4
Others	pieces	385,129	10.6	358,699	9.6	394,252	9.1	290,877	8.9	298,966	10.7
Total/Overall[(1)]		**5,572,644**	**38.4**	**5,245,710**	**44.2**	**8,525,073**	**31.5**	**5,415,405**	**32.7**	**7,008,933**	**31.5**

Note:

(1) The overall ASP is calculated by dividing the total revenue by the total sales volume as stated in the table above

Our sales volume decreased by 5.9% from 5.6 billion pieces/sets in 2022 to 5.2 billion pieces/sets in 2023, primarily due to the decreased sales of communication and data center products. In 2023, we sold more integrated products as compared to components. Our overall ASP increased by 15.1% from RMB38.4 per piece/per set in 2022 to RMB44.2 per piece/per set in 2023, primarily due to an increase in ASP for our communication and data center products, as we sold a higher volume of integrated products with higher ASP.

Our sales volume increased by 62.5% from 5.2 billion pieces/sets in 2023 to 8.5 billion pieces/sets in 2024, primarily due to the acquisition of the Qorvo Business in 2024, whose radio frequency (RF) devices were generally sold in larger quantities at lower prices, resulting in increased sales volume for our consumer electronics products and solutions. Our overall ASP decreased by 28.7% from RMB44.2 per piece/per set in 2023 to RMB31.5 per piece/per set in 2024, primarily due to (i) a decrease in ASP from the consumer electronics business line resulting from the acquisition of the Qorvo Business, whose RF devices were generally sold in larger quantities at lower prices; (ii) a decrease in ASP from the communication and data center business line, mainly due to increased sales of components with relatively lower ASP — such as connectors, components for power solutions, and thermal management products, which accounted for a larger proportion in 2024.

Our sales volume increased by 29.4% from 5.4 billion pieces/sets for the nine months ended September 30, 2024 to 7.0 billion pieces/sets for the nine months ended September 30, 2025, primarily due to the acquisition of the Wingtech Businesses, which was consolidated in July 2025. Our overall ASP remained relatively stable at RMB32.7 per piece/per and RMB31.5 per piece/per set for the nine months ended September 30, 2024 and 2025, respectively, which was the combined effect of (i) a decrease in ASP from the consumer electronics business line, primarily impacted by lower-priced RF devices offered by the Qorvo Business; and (ii) an increase in ASP from the automotive electronics business line, mainly driven by automotive cable and wiring harness products offered by the Leoni Business.

Cost of Sales

Our cost of sales primarily consists of (i) costs of materials; (ii) production costs, which primarily include costs related to our factories, utilities and consumables; and (iii) staff costs relating to our production personnel. The following table sets forth a breakdown of our cost of sales by nature and their corresponding percentages of our total cost of sales for the periods indicated:

	Year ended December 31,						Nine months ended Sepetmber 30,			
	2022		2023		2024		2024		2025	
	(RMB'000)	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*
							(Unaudited)			
Costs of materials	159,167,259	84.4	177,555,128	86.1	207,549,200	85.9	133,205,281	84.9	162,935,883	83.6
Production costs	12,434,477	6.6	14,946,181	7.2	19,552,315	8.1	13,701,666	8.7	18,266,924	9.4
Staff costs	13,470,581	7.2	11,243,514	5.5	11,937,354	4.9	8,392,008	5.4	11,430,873	5.9
Others	3,469,800	1.8	2,422,864	1.2	2,686,269	1.1	1,539,809	1.0	2,225,899	1.1
Total	**188,542,117**	**100.0**	**206,167,687**	**100.0**	**241,725,138**	**100.0**	**156,838,764**	**100.0**	**194,859,579**	**100.0**

Our cost of sales increased by 9.3% from RMB188.5 billion in 2022 to RMB206.2 billion in 2023, primarily due to an increase in costs of materials generally in line with our growth in revenue. Our cost of sales increased by 17.2% from RMB206.2 billion in 2023 to RMB241.7 billion in 2024, primarily due to an increase in cost of materials and production costs, in line with our business growth. Our cost of sales increased by 24.2% from RMB156.8 billion for the nine months ended September 30, 2024 to RMB194.9 billion for the nine months ended September 30, 2025, primarily due to an increase in the cost of materials, in line with our growth in revenue.

Gross Profit and Gross Profit Margin

In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our gross profit amounted to RMB25.5 billion, RMB25.7 billion, RMB27.1 billion, RMB20.3 billion and RMB26.1 billion, respectively. Our overall gross profit margin recorded 11.9%, 11.1%, 10.1%, 11.5%, and 11.8% during the same periods, respectively.

Gross Profit and Gross Profit Margin by Business Line

The following table sets forth our gross profit and gross profit margin by business line for the periods indicated:

	Year ended December 31,						Nine months ended Sepetmber 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%	*(RMB'000)*	%	*(RMB'000)*	%
							(Unaudited)			
Consumer electronics	22,316,737	11.7	21,385,759	10.4	21,274,953	9.1	16,380,785	10.7	18,557,678	10.5
Automotive electronics	983,628	16.0	1,451,088	15.7	2,178,249	15.8	1,476,753	15.9	3,609,155	15.2
Communication and data centers	1,402,145	10.9	2,253,307	15.5	2,940,330	16.0	2,060,942	16.0	3,292,201	18.5
Others	783,767	19.1	647,619	18.8	676,068	18.9	419,641	16.3	596,015	18.7
Total/Overall	**25,486,277**	**11.9**	**25,737,773**	**11.1**	**27,069,600**	**10.1**	**20,338,121**	**11.5**	**26,055,049**	**11.8**

Our gross profit margin from sales of consumer electronics products and solutions decreased from 11.7% in 2022 to 10.4% in 2023, primarily due to (i) the increased contribution of system products, which have relatively lower gross profit margins compared to components and modules; and (ii) the higher average cost of materials in 2023 attributable to higher prices for inventories procured at the end of 2022, which was in line with then prevailing market prices. Our gross profit margin for sales of consumer electronics products and solutions decreased from 10.4% in 2023 to 9.1% in 2024, mainly due to (i) an increase in sales of system products, which have lower gross profit margins compared with components and modules; and (ii) certain new products, such as RF devices offered by the Qorvo Business, have relatively lower gross profit margins. Our gross profit margin from sales of consumer electronics products and solutions remained relatively stable at 10.7% and 10.5% for the nine months ended September 30, 2024 and 2025, respectively.

Our gross profit margin from sales of automotive electronics products and solutions remained relatively stable at 16.0%, 15.7% and 15.8% in 2022, 2023 and 2024, respectively. Our gross profit margin from sales of automotive electronics products and solutions decreased slightly from 15.9% for the nine months ended September 30, 2024 to 15.2% for the nine months ended September 30, 2025, mainly as our new automotive electronics products and solutions were still in the ramp-up stage in the nine months ended September 30, 2024.

Our gross profit margin from sales of communication and data center products and solutions increased from 10.9% in 2022 to 15.5% in 2023, driven by (i) an increased contribution from data center-related wiring harness and connectors; and (ii) an increase in orders for products with higher technical specifications. Our gross profit margin from sales of communication and data center products and solutions remained relatively stable at 15.5% and 16.0% in 2023 and 2024, respectively. Our gross profit margin from sales of automotive electronics products and solutions decreased slightly from 15.9% for the nine months ended September 30, 2024 to 15.2% for the nine months ended September 30, 2025, mainly as our new automotive electronics products and solutions were still in the ramp-up stage in the nine months ended September 30, 2024.

Our gross profit margin from sales of other products and solutions maintained relatively stable at 19.1%, 18.8% and 18.9% in 2022, 2023 and 2024, respectively. Our gross profit margin from sales of other products and solutions increased from16.3% for the nine months ended September 30, 2024 to 18.7% for the nine months ended September 30, 2025, mainattributable to the increased contributions of components and modules for medical devices and industrial equipment.

Other Income

Our other income consisted of (i) government grants, mainly arising from incentives provided by local government authorities in the PRC; (ii) super-input value-added tax ("**VAT**") credit; (iii) compensation income from contract default, primarily including compensation for obsolete materials from suppliers and compensation for losses caused by cancellation of orders by customers; and (iv) others, which primarily includes withholding personal income tax fees. The following table sets forth the breakdown of our other income by nature for the periods indicated:

	Year ended December 31,			Nine months ended Sepetmber 30,	
	2022	2023	2024	2024	2025
			(RMB'000)		
				(Unaudited)	
Government grants	596,775	791,099	933,138	518,426	626,126
Super-input VAT credit	—	20,560	50,879	39,356	21,206
Compensation income from contract default	16,377	70,247	39,965	16,385	8,285
Others	17,917	30,951	22,045	24,867	41,037
Total	**631,069**	**912,857**	**1,046,027**	**599,034**	**696,654**

The fluctuations in our other income throughout the Track Record Period was primarily driven by the fluctuations in the government grants awarded to us from period to period.

Other (Losses)/Gains, Net

Our other (losses)/gains, net consisted of (i) change in fair value of financial assets/liabilities at FVTPL, related to the fluctuations of fair value of our trading financial assets, such as wealth management products; (ii) foreign currency exchange (loss)/gain; (iii) loss in disposal of financial assets, related to the disposal of our trade and note receivables to financial institutions at a discount for financing purposes; (iv) impairment loss on PPE; (v) gain/(loss) on disposal of/written off PPE and intangible asset; and (vi) others, which mainly include gain on termination of right-of-use assets and bargain purchase gain arising from the acquisition of Leoni Business. See Note 46 to the Accountants' Report in Appendix I to this document. The following table sets forth the breakdown of our other (losses)/gains, net by nature for the periods indicated:

	Year ended December 31,			Nine months ended Sepetmber 30,	
	2022	2023	2024	2024	2025
			(RMB'000)		
				(Unaudited)	
Change in fair value of financial assets/liabilities at FVTPL	594,288	678,346	1,951,100	1,261,228	1,903,018
Foreign currency exchange (loss)/gain, net	(337,514)	(72,796)	1,010,172	163,128	352,660
Loss in disposal of financial asset	(400,156)	(741,343)	(795,497)	(602,909)	(395,717)
Impairment loss on PPE	(233,585)	(191,676)	(293,338)	(87,427)	(80,860)
Gain/(loss) on disposal of/written off PPE and intangible asset	37,289	105,092	(1,616)	23,413	66
Others	26,122	719	(22,825)	4,420	481,971
Total	**(313,556)**	**(221,658)**	**1,847,996**	**761,853**	**2,261,138**

Impairment Losses Under the ECL Model, Net of Reversals

Our impairment losses under the ECL model, net of reversals primarily consisted of impairment losses on (i) trade receivables; (ii) note receivables; and (iii) other receivables. We recorded impairment losses of RMB47.2 million in 2022, reversal of impairment losses of RMB23.3 million in 2023, impairment losses of RMB10.1 million, reversal of impairment loss of RMB8.1 million for the nine months ended September 30, 2024 and impairment loss of RMB79.3 million for the nine months ended September 30, 2025.

We incurred impairment losses of RMB47.2 million in 2022, primarily due to an increase in trade and note receivables in 2022 compared to the previous year, in line with our business growth. We recorded net reversal of impairment losses of RMB23.3 million in 2023 due to collection of overdue trade and note receivables that were recorded as impairment losses in 2022.

We recorded a net reversal of impairment losses of RMB23.3 million in 2023 due to the collection of overdue trade and note receivables that were recorded as impairment losses in 2022, and we incurred impairment losses of RMB10.1 million in 2024 primarily due to the increase in trade and note receivables in 2024 compared to 2023, in line with our business growth.

We recorded a net reversal of impairment losses under ECL model of RMB8.1 million for the nine months ended September 30, 2024 and net impairment losses under ECL model of RMB79.3 million for the nine months ended September 30, 2025. Such change was primarily due to the increase in trade and note receivables for the nine months ended September 30, 2025 as compared to the same period in 2024, which is in line with our business growth. We recorded a reversal of impairment losses for the nine months ended September 30, 2024, primarily due to the recovery of certain trade receivables during the period.

Selling Expenses

Our selling expenses primarily consisted of (i) employee-related expenses mainly including salary and benefits for our sales staff; (ii) office expenses; (iii) promotion expenses; (iv) consumables and miscellaneous purchases; and (v) warehousing and rental expenses. The following table sets forth the breakdown of our selling expenses by nature and their corresponding percentages of our total selling expenses for the periods indicated:

	Year ended December 31,						Nine months ended Sepetmber 30,			
	2022		2023		2024		2024		2025	
	(RMB'000)	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*
							(Unaudited)			
Employee-related expenses	547,517	65.9	598,361	67.3	682,251	64.4	478,440	63.5	650,660	62.3
Office expenses	66,265	8.0	92,917	10.5	124,727	11.8	57,187	7.6	64,975	6.2
Promotion expenses	56,070	6.7	73,453	8.3	82,614	7.8	65,114	8.6	138,417	13.3
Consumables and miscellaneous purchases	42,594	5.1	35,228	4.0	57,922	5.5	65,026	8.6	32,107	3.1
Warehousing and rental expenses	57,766	6.9	39,144	4.4	50,701	4.8	39,773	5.3	67,107	6.4
Others	61,186	7.4	49,921	5.6	61,462	5.8	47,929	6.4	90,731	8.7
Total	**831,398**	**100.0**	**889,024**	**100.0**	**1,059,677**	**100.0**	**753,469**	**100.0**	**1,043,997**	**100.0**

Our selling expenses increased by 6.9% from RMB831.4 million in 2022 to RMB889.0 million in 2023, primarily due to an increase in employee-related expenses for our sales and marketing personnel driven by the increase in our headcount. Our selling expenses as a percentage of our total revenue remained stable in 2022 and 2023. Our selling expenses increased by 19.2% from RMB889.0 million in 2023 to RMB1,059.7 million in 2024, primarily due to an increase in employee-related expenses for our sales and marketing personnel. Our selling expenses as a percentage of our total revenue remained stable in 2023 and 2024. Our selling expenses increased by 38.6% from RMB753.5 million for the nine months ended September 30, 2024 to RMB1,044.0 million for the nine months ended September 30, 2025, primarily due to an increase in employee-related expenses for our sales and marketing personnel driven by the increase in our headcount and an increase in promotion expenses, which were in line with our business expansion. Our selling expenses as a percentage of our total revenue remained stable for the nine months ended September 30, 2024 and 2025.

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee-related expenses mainly including salary and benefits for our administrative staff; (ii) depreciation and amortization; (iii) consumables; (iv) office expenses; (v) rental, repairs and miscellaneous purchases; and (vi) consultancy fees. The following table sets forth the breakdown of our general and administrative expenses by nature and their corresponding percentages of our total general and administrative expenses for the periods indicated:

	Year ended December 31,						Nine months ended Sepetmber 30,			
	2022		2023		2024		2024		2025	
	(RMB'000)	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*
							(Unaudited)			
Employee-related expenses	2,752,635	49.3	2,955,301	48.0	3,291,003	46.7	2,392,496	50.5	3,645,510	50.8
Depreciation and amortization	780,607	14.0	1,141,476	18.5	1,313,586	18.6	987,299	20.8	1,002,985	14.0
Consumables	613,927	11.0	436,597	7.1	441,685	6.2	169,974	3.6	322,351	4.5
Office expenses	304,191	5.5	349,690	5.7	427,713	6.1	302,223	6.4	461,161	6.4
Rental, repairs and miscellaneous purchases	247,704	4.5	273,547	4.4	319,497	4.5	178,831	3.8	247,934	3.5
Consultancy fees	142,047	2.5	123,495	2.0	294,529	4.2	96,146	2.0	138,328	1.9
Tax and surcharge	455,070	8.2	513,150	8.3	615,065	8.7	377,852	8.0	545,106	7.6
Others	285,028	5.1	369,227	6.0	349,863	5.0	235,672	4.9	811,603	11.3
Total	**5,581,209**	**100.0**	**6,162,485**	**100.0**	**7,052,941**	**100.0**	**4,740,493**	**100.0**	**7,174,978**	**100.0**

Our general and administrative expenses increased by 10.4% from RMB5,581.2 million in 2022 to RMB6,162.5 million in 2023, primarily due to an increase in employee-related expenses for our administrative personnel and an increase in depreciation and amortization. Our general and administrative expenses as a percentage of our total revenue remained stable in 2022 and 2023.

Our general and administrative expenses increased by 14.4% from RMB6,162.5 million in 2023 to RMB7,052.9 million in 2024, primarily due to an increase in employee-related expenses for our administrative personnel driven by the increase in our headcount and an increase in depreciation and amortization. Our general and administrative expenses as a percentage of our total revenue remained stable in 2023 and 2024.

Our general and administrative expenses increased by 51.4% from RMB4,740.5 million for the nine months ended September 30, 2024 to RMB7,175.0 million for the nine months ended September 30, 2025, primarily due to an increase in employee-related expenses for our administrative personnel driven by the increase in our headcount. Our other expense categories under general and administrative expenses generally increased, which were in line with our business expansion and consolidation of Wingtech Businesses and Leoni Business. Our general and administrative expenses as a percentage of our total revenue increased slightly for the nine months ended September 30, 2025 as compared to the same period in 2024, primarily due to the consolidation of Wingtech Businesses and we expect such percentage would decrease as we further integrate and streamline the Wingtech Businesses.

R&D Expenses

Our R&D expenses primarily consisted of (i) employee-related expenses, mainly including salaries and benefits for our R&D staff; (ii) molds, materials and consumables; (iii) depreciation and amortization; (iv) rental, repair and inspection expenses; (v) office expenses; and (vi) technology service fees. The following table sets forth the breakdown of our R&D expenses by nature and their corresponding percentages of our total R&D expenses for the periods indicated:

	Year ended December 31,						Nine months ended Sepetmber 30,			
	2022		2023		2024		2024		2025	
	(RMB'000)	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*
							(Unaudited)			
Employee-related expenses	4,296,689	50.9	4,474,219	54.6	4,743,099	55.4	4,119,170	58.9	4,227,311	51.7
Molds, materials and consumables	2,224,401	26.3	1,522,003	18.6	1,947,624	22.8	1,349,614	19.3	1,593,927	19.5
Depreciation and amortization	894,098	10.6	1,071,508	13.1	905,915	10.6	722,973	10.3	878,652	10.8
Rental, repairs and inspection	405,861	4.8	445,795	5.4	468,940	5.5	354,092	5.1	445,163	5.4
Office expenses	168,190	2.0	181,630	2.2	165,220	1.9	147,301	2.1	137,100	1.7
Technology service fee	225,595	2.7	206,100	2.5	71,461	0.8	66,268	0.9	212,385	2.6
Others	232,205	2.7	287,513	3.5	253,698	3.0	237,713	3.4	675,904	8.3
Total	**8,447,039**	**100.0**	**8,188,768**	**100.0**	**8,555,957**	**100.0**	**6,997,131**	**100.0**	**8,170,442**	**100.0**

Our R&D expenses decreased slightly from RMB8,447.0 million in 2022 to RMB8,188.8 million in 2023, primarily due to a decrease in molds, materials and consumables. Our R&D expenses increased by 4.5% from RMB8,188.8 million in 2023 to RMB8,556.0 million in 2024, primarily due to (i) an increase in employee-related expenses for our R&D personnel driven by the increase in our headcount; and (ii) an increase in molds, materials and consumables driven by the increase in R&D projects we undertook in 2024. Our R&D expenses increased by 16.8% from RMB6,997.1 million for the nine months ended September 30, 2024 to RMB8,170.4 million for the nine months ended September 30, 2025, primarily reflecting an increase in our R&D activities with the consolidation of Wingtech Businesses and Leoni Business during the period.

Finance Costs, Net

Our finance costs, net represented the result of (i) finance income, being bank interest income from bank balances and term deposits which could be withdrawn or transferred on demand; net of (ii) finance costs, mainly arising from interest expenses on bank borrowings, lease liabilities, short term financing bills, and convertible bonds. The following table sets forth a breakdown of finance costs, net by nature for the periods indicated:

	Year ended December 31,			Nine months ended Sepetmber 30,	
	2022	2023	2024	2024	2025
			(RMB'000)		
				(Unaudited)	
Finance income	504,344	1,005,581	968,280	793,164	836,250
Finance costs	(1,038,071)	(1,376,870)	(1,462,653)	(1,120,676)	(1,419,636)
Finance costs, net	**(533,727)**	**(371,289)**	**(494,373)**	**(327,512)**	**(583,386)**

Share of Profits of Associates

Our share of profits of associates primarily consisted of our investment in associates engaged in the manufacture and sales of flexible printed circuits, board-to-board connectors, smartphone system integration and intelligent in-vehicle devices, among others. Our share of profits of associates was RMB771.0 million, RMB2,028.5 million, RMB3,301.0 million, RMB1,632.8 million and RMB2,250.6 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Such increases were primarily due to an increase in operating profit of our associates.

Income Tax Expense

Chinese Mainland

In accordance with the Enterprise Income Tax Law ("**EIT Law**"), Foreign Investment Enterprises ("**FIEs**") and domestic companies established in Chinese Mainland are subject to Enterprise Income Tax ("**EIT**") at a rate of 25%.

Further, certain of our subsidiaries benefit from a preferential tax rate of 15% under the EIT Law if they are qualified as high and new technology enterprises under relevant regulations or located in applicable PRC regions, such as certain western regions and special economic zones, as specified in the relevant catalog of encouraged industries, subject to certain general restrictions described in the EIT Law and the related regulations.

Hong Kong

Our Group's subsidiary in Hong Kong is subject to Hong Kong profits tax of which the tax rate was 16.5% up to April 1, 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first HK$2 million and 16.5% for any assessable profits in excess.

Corporate Income Tax in Other Jurisdictions

Income tax on profit arising from other jurisdictions, such as Vietnam and Singapore, has been calculated on the estimated assessable profit for the year/period at the respective rates prevailing in the relevant jurisdictions, ranging up to 30% for the Track Record Period.

Organization Economic Co-operation and Development ("OECD") Global Anti-base Erosion Pillar Two Model Rules

We are within the scope of the Pillar Two model rules released by the OECD. The Pillar Two legislation became effective in certain jurisdictions on January 1, 2024 during the Track Record Period. We apply the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12. Under the Pillar Two legislation, we are liable to pay a top-up tax on the difference between its Global Anti-Base Erosion effective tax rate in each jurisdiction and the 15% minimum rate.

Our income tax expense consists of current income tax and deferred income tax. The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year ended December 31,			**Nine months ended Sepetmber 30,**	
	2022	**2023**	**2024**	**2024**	**2025**
			(RMB'000)		
				(Unaudited)	
Current income tax	657,866	1,024,939	1,318,435	801,970	1,457,326
Deferred income tax.	9,452	(383,110)	211,260	(56,347)	42,699
Total.	**667,318**	**641,829**	**1,529,695**	**745,623**	**1,500,025**

Our income tax expense decreased by 3.8% from RMB667.3 million in 2022 to RMB641.8 million in 2023, primarily due to a decrease in deferred income tax caused by the accelerated depreciation and an increase in pre-tax deductible expenses. Our income tax expense increased significantly from RMB641.8 million in 2023 to RMB1,529.7 million in 2024, primarily due to (i) an increase in our taxable income due to our business expansion, and (ii) an increase in the effective tax rate. Our income tax expense increased significantly from RMB745.6 million for the nine months ended September 30, 2024 to RMB1,500.0 million for the nine months ended September 30, 2025, primarily due to (i) an increase in our taxable income due to our business expansion, and (ii) an increase in the effective tax rate.

In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our effective income tax rate, representing income tax expense divided by profit before income tax, expressed as a percentage, was 6.0%, 5.0%, 9.5%, 7.1%, and 10.5%, respectively. Our effective income tax rate during the Track Record Period was lower than our statutory enterprise income tax rates, primarily as certain of our subsidiaries in the PRC enjoyed tax deductions for eligible R&D expenses. Our effective income tax rate in 2024 was higher than 2022 and 2023, primarily due to the recognition of Pillar Two income tax in 2024 by our subsidiaries in Vietnam. Our effective income tax rate for the nine months ended September 30, 2025 was higher than that for the same period in 2024, primarily due to the recognition of Pillar Two income tax in 2025 by our subsidiaries in Hong Kong.

As of the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no material disputes or unresolved tax issues with relevant tax authorities.

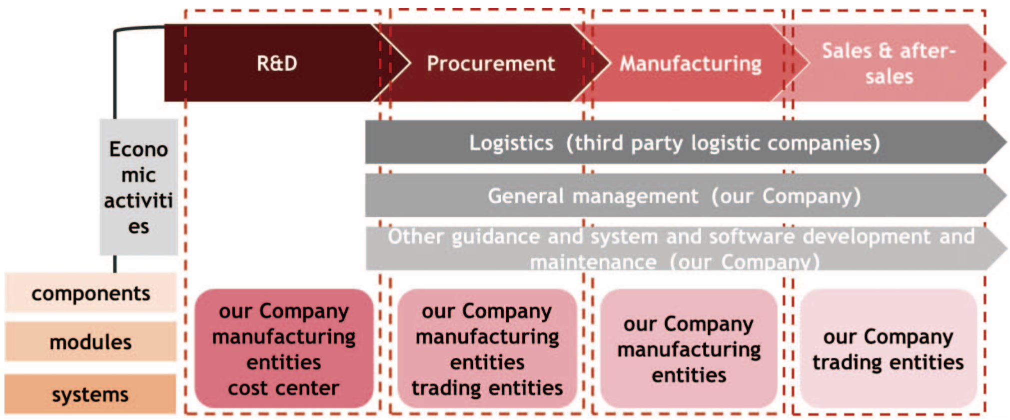
Transfer Pricing

Value Chain and Transaction Flow

Intracompany transactions within our Group are primarily product purchases and sales. The value chain encompasses multiple stages, including technology R&D, manufacturing, logistics, sales, and after-sales service, with the value chain structure being largely similar across various business lines.

Based on their distinct functions and risk exposures within the value chain, the reviewed entities can be categorized into operating headquarters, manufacturing entities, trading entities, and a cost center. Among these, the manufacturing entities are primarily located in the Chinese Mainland and Vietnam.

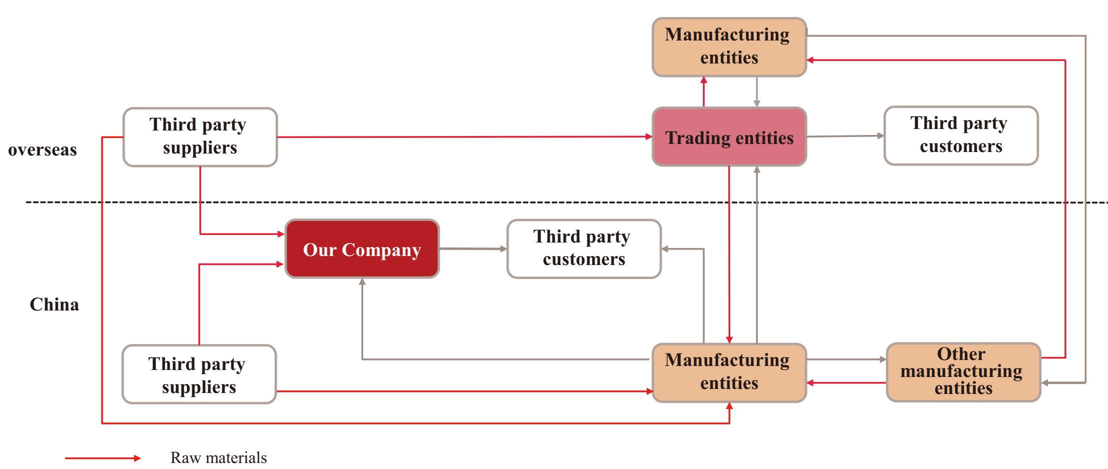
The value chain of our Group is illustrated in the diagram below:



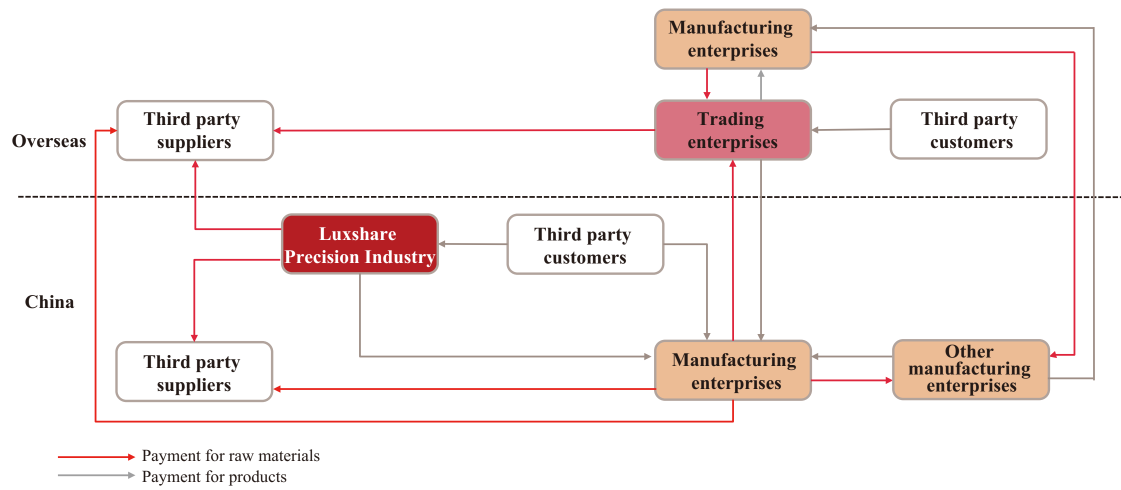
Primary Transaction Flow:

Product sales in China are primarily handled by our Company, which procures from manufacturing entities within China and sells to third-party customers in China. Overseas product sales are primarily handled by trading entities, which procure from manufacturing entities in China or Vietnam and sell to third-party customers outside China.

The diagram below illustrates the flow of orders:



The diagram below illustrates the flow of funds:



Intra-Group Transactions

The OECD Transfer Pricing Guidelines, issued by the Organization for Economic Co-operation and Development (OECD), represent the most widely accepted international standard in the field of transfer pricing globally and are adopted and followed by the tax authorities of the vast majority of countries in their legislation and practice. According to the OECD Transfer Pricing Guidelines, intra-group transactions should be conducted on an arm's length basis.

To standardize intra-group transactions and ensure their fairness, our Group has formulated and issued relevant management policies. These explicitly stipulate that transaction pricing should primarily follow the market price. If no market price is available and there is a government-mandated price, that price shall be referenced. If neither a market price nor a government-mandated price is available, cost-plus pricing shall be applied. If none of the above is available or suitable, the price shall be determined by agreement. The transacting parties determine the pricing method based on the specific circumstances of the transaction and specify it in the relevant transaction agreements.

In accordance with the OECD Transfer Pricing Guidelines and the applicable tax laws and regulations of relevant jurisdictions, intra-group transactions must adhere to the arm's length principle. Entities involved in transfer pricing arrangements are required to comply with the tax laws and regulations of their respective jurisdictions and prepare corresponding transfer pricing documentation. The ultimate holding company of our Group, Luxshare Limited, is required to maintain a master file containing our Group's organizational structure, business and strategies, significant intangibles, financing activities, and financial and tax status. Our Group is also required to maintain local files, containing transfer pricing analyses based on local tax policies.

Upon review by our transfer pricing consultant, BDO Tax Agency Limited Company Beijing Branch (the "**Transfer Pricing Consultant**"), Luxshare Limited and our Group have prepared the master file and local files respectively, as required. They conduct annual analyses and validations of intra-group transactions. Specifically, based on the requirements of the OECD Transfer Pricing Guidelines and applicable tax laws and regulations in relevant jurisdictions, the Transactional Net Margin Method (TNMM) is selected according to the nature and characteristics of the intra-group transactions. The profitability of entities involved in transfer pricing arrangements is compared to the profitability of independent comparable companies to assess whether the intra-group transactions comply with the arm's length principle.

Our Transfer Pricing Consultant has been engaged to review and evaluate our Group's transfer pricing arrangements for the years of 2022, 2023 and 2024 (the "**Review Period**"). The Transfer Pricing Consultant reviewed the intra-group transaction documentation, conducted interviews with Group management, selected 16 entities for review, and, based on the OECD Transfer Pricing Guidelines and relevant transfer pricing laws and regulations, assessed and analyzed whether the profit levels of these 16 reviewed entities from their intra-group transactions aligned with the profit levels required by the arm's length principle.

Based on the above analysis, the Transfer Pricing Consultant concluded that: (i) the reviewed entities comply with applicable laws and regulations in their respective jurisdictions, performed annual analysis and validation of their intra-group transactions, and their methodologies for analysis and validation are reasonable; and (ii) the intra-group transactions of the reviewed entities comply with the arm's length principle, and the risk of transfer pricing adjustments is low.

During the Review Period, the total value of intra-group transactions within our Group is set out in the table below:

Year	**Value of Intra-group Transactions**
	(RMB in millions)
2022	396,349.7
2023	393,637.5
2024	451,773.1

The Reviewed Entities

The criteria used by the Transfer Pricing Consultant to select the 16 reviweed entities were: (1) the entity's average annual transaction volume during the Review Period accounted for more than 5% of the total intra-group transaction value of our Group; (2) the entity's business type is representative; and (3) to ensure the total transaction value of the selected entities accounted for over 80% of our Group's total intra-group transactions, some entities were randomly selected as reviewed entities. Details of the reviewed entities are set out in the table below:

No.	**Reviewed Entity**	**Place of Incorporation**	**Business**
1	our Company	Guangdong Province, China	Manufacturing
2	立訊智造(浙江)有限公司	Zhejiang Province, China	Manufacturing
3	立訊精密工業(滁州)有限公司	Anhui Province, China	Manufacturing
4	江西立訊智造有限公司	Jiangxi Province, China	Manufacturing

No.	Reviewed Entity	Place of Incorporation	Business
5	東莞訊滔電子有限公司	Guangdong Province, China	Manufacturing
6	立訊智造科技(常熟)有限公司	Jiangsu Province, China	Manufacturing
7	Luxshare — ICT (Vietnam) Company Limited	Vietnam	Manufacturing
8	Luxshare — ICT (Van Trung) Co., Ltd.	Vietnam	Manufacturing
9	立訊精密有限公司	Hong Kong	Trading
10	台灣立訊精密有限公司	Taiwan	Sales support and R&D
11	立鎧精密科技(鹽城)有限公司	Jiangsu Province, China	Manufacturing
12	日善電腦配件(嘉善)有限公司	Zhejiang Province, China	Manufacturing
13	Casetek Singapore Pte. Ltd.	Singapore	Trading and sales support
14	日達智造科技(如皋)有限公司	Jiangsu Province, China	Manufacturing
15	威訊聯合半導體(北京)有限公司	Beijing, China	Manufacturing
16	Luxshare — ICT (Nghe An) Company Limited	Vietnam	Manufacturing
17	昆明聞訊實業有限公司	Yunnan Province, China	Processing and Manufacturing

Profit for the Year/Period

As a result of the foregoing, we recorded a net profit of RMB10,490.7 million, RMB12,243.2 million, RMB14,579.0 million, RMB9,786.7 million and RMB12,728.2 million for 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively, achieving a net profit margin of 4.9%, 5.3%, 5.4%, 5.5%, and 5.8% in the respective periods.

DISCUSSION OF CERTAIN KEY ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report set out in Appendix I to this document:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Non-current assets				
PPE	47,944,920	47,803,519	54,783,290	68,802,418
Investment properties	92,782	23,354	35,665	36,686
Intangible assets	497,297	450,310	430,451	1,556,245
Right-of-use assets	2,727,531	2,435,194	2,816,641	4,963,446
Goodwill	1,730,047	1,729,243	1,885,827	2,214,487
Deferred tax assets	1,208,582	872,944	817,693	2,317,887
Prepayments and other receivables	1,676,260	1,568,638	1,695,904	2,621,682
Investment in associates	1,880,941	4,100,064	7,343,629	10,037,554
Investment in joint ventures	119,067	132,878	144,667	157,564
Financial assets at FVTOCI	440,107	249,122	112,765	224,125
Financial assets at FVTPL	35,700	35,700	39,312	41,548
Term deposits	1,739,252	8,363,006	15,176,496	10,378,936
Total non-current assets	**60,092,486**	**67,763,972**	**85,282,340**	**103,352,578**
Current assets				
Inventories	37,265,651	29,407,482	31,487,096	51,578,965
Contract fulfillment costs	97,679	350,449	215,580	417,808
Income tax recoverable	69,528	61,579	66,691	197,939
Trade and note receivables	26,993,122	23,765,555	32,910,872	51,993,186
Prepayments and other receivables	3,037,925	2,957,840	3,790,796	5,284,856
Financial assets at FVTOCI	—	587,585	1,106,284	1,782,061
Financial assets at FVTPL	1,353,267	1,720,764	1,403,111	3,335,263
Derivative financial instruments	—	—	—	98,373
Restricted bank deposits	2,054,791	3,935,387	1,092,553	2,239,868
Term deposits	107,450	1,757,335	19,205,160	25,773,824
Cash and cash equivalents	17,312,418	29,684,152	47,267,103	54,207,158
Total current assets	**88,291,831**	**94,228,128**	**138,545,246**	**196,909,301**
Total assets	**148,384,317**	**161,992,100**	**223,827,586**	**300,261,879**

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Current liabilities				
Trade and note payables	44,424,833	42,498,591	57,712,870	82,603,046
Other payables and accruals	9,318,474	7,229,761	12,493,850	13,469,435
Contract liabilities	501,765	243,567	262,508	837,582
Borrowings	15,740,739	23,202,679	37,415,654	68,640,430
Lease liabilities	179,282	129,208	153,947	598,429
Income tax payable	357,553	561,049	640,604	1,265,583
Convertible bonds	224,131	49,592	—	—
Short-term financing bills	3,840,115	802,722	5,039,812	3,216,283
Financial liabilities at FVTPL	44,318	117,942	155,279	458,097
Derivative financial instruments	—	—	—	30,824
Long term payable	—	—	—	59,433
Total current liabilities	**74,631,210**	**74,835,111**	**113,874,524**	**171,179,142**
Net current assets	**13,660,621**	**19,393,017**	**24,670,722**	**25,730,159**
Total assets less current liabilities	**73,753,107**	**87,156,989**	**109,953,062**	**129,082,737**
Non-current liabilities				
Borrowings	9,205,313	12,038,771	19,619,742	16,910,745
Convertible bonds	2,689,624	2,799,500	3,305,437	3,427,254
Medium-term notes	—	—	—	3,039,198
Lease liabilities	800,739	552,489	727,983	2,224,677
Deferred tax liabilities	1,606,645	883,925	955,821	1,429,010
Deferred income	665,910	595,324	649,109	1,026,476
Other payables and accruals	1,007	2,115	7,845	1,942,238
Long term payables	—	—	—	40,715
Total non-current liabilities	**14,969,238**	**16,872,124**	**25,265,937**	**30,040,313**
Total liabilities	**89,600,448**	**91,707,235**	**139,140,461**	**201,219,455**
Net assets	**58,783,869**	**70,284,865**	**84,687,125**	**99,042,424**
Capital and reserves				
Share capital	7,099,909	7,148,168	7,236,462	7,270,606
Other equity instrument	527,320	527,289	527,271	527,195
Reserves	4,775,793	6,458,992	9,165,942	10,711,153
Other comprehensive income	651,459	148,763	(703,805)	(1,489,306)
Cash flow hedge reserve	—	—	—	46,683
Retained earnings	32,288,416	42,026,973	53,101,140	63,210,323
Capital and reserves attributable to owners of the Company	45,342,897	56,310,185	69,327,010	80,276,654
Non-controlling interests	13,440,972	13,974,680	15,360,115	18,765,770
Total equity	**58,783,869**	**70,284,865**	**84,687,125**	**99,042,424**

Property, Plant and Equipment (PPE)

Our PPE consisted of (i) machinery and equipment; (ii) land and buildings; (iii) other equipment, such as production support equipment, office equipment and computer equipment; (iv) construction in progress, mainly in relation to the construction of our new R&D center; (v) molds and tooling; (vi) leasehold improvements; and (vii) others. The following table sets forth a breakdown of the net carrying amount of our PPE as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Machinery and equipment	21,567,017	20,966,181	24,182,826	30,684,701
Land and buildings	11,348,610	12,028,202	12,812,848	19,139,794
Other equipment	7,884,468	9,039,465	8,466,501	9,057,835
Construction in progress	2,695,377	2,226,216	5,379,184	5,396,099
Molds and tooling	3,595,092	2,912,102	3,119,997	2,746,599
Leasehold improvements	683,276	470,325	574,479	806,302
Transportation vehicles	43,442	41,086	51,932	77,972
Others	127,638	119,942	195,523	893,116
Total	**47,944,920**	**47,803,519**	**54,783,290**	**68,802,418**

Our PPE remained relatively stable at RMB48.0 billion as of December 31, 2022 and RMB47.8 billion as of December 31, 2023. Our PPE increased by 14.6% from RMB47.8 billion as of December 31, 2023 to RMB54.8 billion as of December 31, 2024, primarily due to (i) an increase in machinery and equipment; (ii) an increase in construction in progress, which is related to the upgrade of existing production lines due to product iteration, new production lines for new products, and new R&D centers, and (iii) the acquisition of the Qorvo Business. Our PPE increased by 25.6% from RMB54.8 billion as of December 31, 2024 to RMB68.8 billion as of September 30, 2025, primarily due to (i) an increase in machinery and equipment; and (ii) an increase in land and buildings. Such increases were mainly due to the acquisition of Wingtech Businesses and Leoni Business and the additions of overseas production lines.

Intangible Assets

Our intangible assets primarily comprised software, patent rights and non-patented technology, among others.

Our intangible assets decreased by 9.4% from RMB497.3 million as of December 31, 2022 to RMB450.3 million as of December 31, 2023, and further decreased by 4.4% to RMB430.5 million as of December 31, 2024, primarily due to the amortization of intangible assets. Our intangible assets significantly increased from RMB430.5 million as of December 31, 2024 to RMB1,556.2 million as of September 30, 2025, primarily due to the acquisition of Wingtech Businesses.

Right-of-Use Assets

Our right-of-use assets consisted of leased buildings, machinery and equipment, and transportation vehicles, and land use right.

Our right-of-use assets decreased by 10.7% from RMB2,727.5 million as of December 31, 2022 to RMB2,435.2 million as of December 31, 2023, primarily as we replaced certain rented factories with our self-owned factories. Our right-of-use assets increased by 15.7% from RMB2,435.2 million as of December 31, 2023 to RMB2,816.6 million as of December 31, 2024, primarily due to (i) an increase in leased buildings; and (ii) an increase in right-of-use assets from newly acquired companies such as Cosmo Corporation Cayman Limited (the "**Cosmo Business**") and the Qorvo Business. Our right-of-use assets increased by 76.2% from RMB2,816.6 million as of December 31, 2024 to RMB4,963.4 million as of September 30, 2025, primarily due to an increase in right-of-use assets from the acquisition of the Leoni Businesses.

Goodwill

Goodwill is recognized in connection with business acquisitions. Our goodwill increased from RMB1,729.2 million as of December 31, 2023 to RMB1,885.8 million as of December 31, 2024, primarily due to the acquisition of the Qorvo Business and Cosmo Business. Our goodwill increased from RMB1,885.8 million as of December 31, 2024 to RMB2,214.5 million as of September 30, 2025, primarily due to the acquisition of the Wingtech Businesses. For details, see Note 21 to the Accountants' Report in Appendix I to this document.

Investment in Associates

Our investment in associates increased from RMB1,880.9 million as of December 31, 2022 to RMB4,100.1 million as of December 31, 2023, to RMB7,343.6 million as of December 31, 2024, and further to RMB10,037.6 million as of September 30, 2025, primarily due to an increase in share of post-acquisition profits, other equity movements, and other comprehensive income from the associates.

Investment in Joint Ventures

Our investment in joint ventures increased from RMB119.1 million as of December 31, 2022, to RMB132.9 million as of December 31, 2023, and further to RMB157.6 million as of December 31, 2024 and as of September 30, 2025, primarily due to an increase in investment income accrued according to the equity method based on our shareholding percentage.

Financial Assets at FVTOCI

Our financial assets at FVTOCI include (i) equity investments, and (ii) note receivables measured at FVTOCI.

The following table sets forth our financial assets at FVTOCI as of the dates indicated:

	As of December 31,			As of September 30, 2025
	2022	2023	2024	
		(RMB'000)		
Non-current assets				
Equity investments	440,107	249,122	112,765	224,125
	440,107	**249,122**	**112,765**	**224,125**
Current assets				
Note receivables measured at FVTOCI	—	587,585	1,106,284	1,782,061
	—	**587,585**	**1,106,284**	**1,782,061**

Our financial assets at FVTOCI that were classified as non-current assets decreased from RMB440.1 million as of December 31, 2022 to RMB249.1 million as of December 31, 2023, to RMB112.8 million as of December 31, 2024, primarily due to our disposal of some of our equity investments, and the decreases in the prices of equity investments that we invested in. Our financial assets at FVTOCI that were classified as non-current assets increased to RMB224.1 million, primarily due to the increase in equity investments in certain listed companies.

Our financial assets at FVTOCI that were classified as current assets increased from nil as of December 31, 2022 to RMB587.6 million as of December 31, 2023, to RMB1,106.3 million as of December 31, 2024, and further to RMB1,782.1 million as of September 30, 2025, primarily due to the increase in note receivables which was in line with our business growth.

Financial Assets at FVTPL

Our financial assets at FVTPL include: (i) equity investments that are held for trading and for which the entity has not elected to recognize FVTOCI; (ii) wealth management products; and (iii) derivative financial assets for which the USD/CNY forward exchange contracts.

The following table sets forth our financial assets at FVTPL as of the dates indicated:

	As of December 31,			As of September 30,
	2022	**2023**	**2024**	**2025**
		(RMB'000)		
Non-current assets				
Financial assets at FVTPL				
—Equity investments	35,700	35,700	39,312	41,548
	35,700	**35,700**	**39,312**	**41,548**
Current assets				
Financial assets at FVTPL				
—Wealth management products	1,326,227	1,628,279	1,300,228	3,286,689
—Derivative financial assets	27,040	92,485	102,883	48,574
	1,353,267	**1,720,764**	**1,403,111**	**3,335,263**

Our financial assets at FVTPL that were classified as non-current assets maintained relatively stable at RMB35.7 million, RMB35.7 million, RMB39.3 million and RMB41.5 million as of December 31, 2022, 2023 and 2024, and September 30, 2025, respectively.

Our financial assets at FVTPL that were classified as current assets increased from RMB1,353.3 million as of December 31, 2022 to RMB1,720.8 million as of December 31, 2023, then decreased to RMB1,403.1 million as of December 31, 2024, and then increased to RMB3,335.3 million as of September 30, 2025, primarily due to the fluctuations in our investment in wealth management products.

During the Track Record Period, substantially all of our financial assets at FVTPL were wealth management products. Wealth management products at FVTPL represent the subscription of the wealth management products of several financial institutions in PRC which are unsecured and with variable interest rates. The wealth management products can be purchased or disposed of at any date during the open days. In order to improve the efficiency and returns on the utilization of idle funds, while ensuring our normal production and operations, we utilize idle funds to invest in wealth management products from time to time. The investment shall be limited to principal-guaranteed or low-risk wealth management products with high safety, good liquidity, and short-term (not exceeding one year), issued by commercial banks. Our Board of Directors authorizes our Chairlady to exercise the investment decision-making power and sign relevant legal documents. Our Chief Financial Officer shall be responsible for implementation of investments, with specific execution handled by our finance department. We have implemented the following internal control measures to control risks: (1) Investment shall be limited to principal-guaranteed or low-risk commercial bank wealth management products with a term not exceeding one year; (2) Our finance department shall promptly analyze and monitor wealth management product investments. Should any adverse factors potentially affecting the safety of our funds be identified, appropriate protective measures shall be taken promptly to control investment risks; (3) Our audit department shall be responsible for auditing and supervising the use and custody of wealth management funds; (4) Independent directors shall have the discretion to inspect the use of funds; (5) Our board of supervisors shall supervise and inspect the use of wealth management funds; and (6) We shall timely fulfill information disclosure obligations in accordance with the relevant regulations of the Shenzhen Stock Exchange. The return of the wealth management products we purchased during the Track Record Period ranged from 1.7% to 3.6% per annum.

Prepayments and Other Receivables

The non-current portion of our prepayments and other receivables primarily consisted of (i) prepayments for acquisition of PPE; (ii) advance payment for equity investment, relating to our acquisition of the Qorvo Business; and (iii) others, primarily consisting of prepaid pension.

The following table sets forth our non-current prepayments and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Non-current				
Prepayments for acquisition of PPE	1,663,116	1,416,221	1,688,137	2,476,398
Advance payment for equity investment	—	141,654	—	82,223
Others	13,144	10,763	7,767	63,061
	1,676,260	**1,568,638**	**1,695,904**	**2,621,682**

Our non-current prepayments and other receivables primarily fluctuate with the balance of our prepayments for acquisition of PPE. Our non-current prepayments and other receivables increased from RMB1,695.9 million as of December 31, 2024 to RMB2,621.7 million as of September 30, 2025, primarily due to an increase in prepayments for acquisition of PPE relating to the acquisition of the Wingtech Businesses.

The current portion of our prepayments and other receivables consisted of (i) input VAT to be deducted; (ii) amount due from the third parties; (iii) prepayments made to the third-party suppliers; (iv) prepayments made to the related-party suppliers; (v) amount due from the related parties; (vi) amount due from associates; and (vii) others, primarily consisting of prepaid custom duties.

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Current				
Input VAT to be deducted	2,019,719	2,106,402	2,472,487	2,881,588
Amount due from the third parties[1]	426,557	313,336	921,313	536,218
Prepayments made to the third-party suppliers	575,817	476,592	378,487	1,192,767
Prepayments made to the related-party suppliers	10,761	10,111	10,713	—
Amount due from the related parties[1]	5,728	13,868	2,759	2,030
Amount due from associates[1]	4,171	54	696	742
Others[2]	505	42,328	12,280	677,696
	3,043,258	**2,962,691**	**3,798,735**	**5,291,683**
Less: provision for impairment	(5,333)	(4,851)	(7,939)	(6,827)
	3,037,925	**2,957,840**	**3,790,796**	**5,284,856**

Notes:

(1) These amounts are trade in nature, unsecured, interest free and repayable on demand.

(2) Primarily including prepaid custom duties and return charges receivable. The significant increase in others in 2023 was primarily due to increases in prepaid custom duties.

Our current prepayments and other receivables decreased from RMB3,037.9 million as of December 31, 2022 to RMB2,957.8 million as of December 31, 2023, primarily due to decreases in prepayments made to the third-party suppliers and amount due from the third parties, partially offset by an increase in input VAT to be deducted.

Our current prepayments and other receivables increased from RMB2,957.8 million as of December 31, 2023 to RMB3,790.8 million as of December 31, 2024, primarily due to an increase in amount due from the third parties and input VAT to be deducted, partially offset by a decrease in prepayments made to the third-party suppliers.

Our current prepayments and other receivables increased from RMB3,790.8 million as of December 31, 2024 to RMB5,284.9 million as of September 30, 2025, primarily due to an increase in prepayments made to the third-party suppliers, resulting from our increased purchases to support our business needs.

Inventories

Our inventories comprised (i) finished goods; (ii) raw materials; (iii) work in progress; (iv) consumable supplies; (v) goods in transit; (vi) outsourced processing materials; and (vii) materials in transit. The following table sets forth a breakdown of inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
		(RMB'000)		
Finished goods	23,761,428	17,873,073	16,723,010	23,261,901
Raw materials	8,805,902	7,122,403	8,389,250	15,579,908
Work in progress	4,968,546	5,171,213	6,905,616	11,914,848
Consumable supplies	319,287	137,194	441,841	771,479
Goods in transit	112,858	80,403	101,539	927,369
Outsourced processing materials	21,425	7,662	88,904	68,414
Materials in transit	38,828	27,648	45,746	289,857
Less: provision	(762,623)	(1,012,114)	(1,208,810)	(1,234,811)
Total	**37,265,651**	**29,407,482**	**31,487,096**	**51,578,965**

Depending on the production and shipment schedules, the balance of our inventories may fluctuate from period to period. Our inventories decreased by 21.1% from RMB37.3 billion as of December 31, 2022 to RMB29.4 billion as of December 31, 2023, primarily due to our increased strategic stockpiling in 2022, resulting in a higher inventory opening balance. Our inventories increased by 7.1% from RMB29.4 billion as of December 31, 2023 to RMB31.5 billion as of December 31, 2024, primarily reflecting increase in stock to fulfill the increased orders on hand. Our inventories increased by 63.8% from RMB31.5 billion as of December 31, 2024 to RMB51.6 billion as of September 30, 2025, primarily due to an increase in finished goods driven by business growth and raw materials to fulfill our orders.

We believe the key in inventory control is balancing the risk of excess stock and possible supply shortage of raw materials. We generally adjust the production and procurement plans based on customer orders or scheduling requirements. Our procurement is based on the material's lead time for releasing orders. Materials with longer lead times are prioritized for release, while those with shorter lead times are released later, ensuring alignment in material availability time. Our procurement plans are reviewed on a regular basis, which are adjusted based on the production department's production plans, and are subject to inputs provided by the logistics department. If the materials purchased based on procurement plans are insufficient to meet production demand, we then procure materials based on production needs, and such procurement requests are approved by the responsible supervisor. We review our inventory levels periodically. Our WMS automatically prompts a re-inspection procedures when obsolete stock are identified to ensure the inventory is in good condition.

We review the condition of our inventories at the end of each period during the Track Record Period and make provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with our customers and current market conditions of end markets. Our management estimates the net realizable value for slow-moving inventories based primarily on the latest selling prices and current market conditions. We reassess the estimation at the end of each period. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the provision of inventories recognized in the periods in which such estimates have been changed.

We calculate the inventory turnover days using the average of the opening and ending inventory balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2022, 2023 and 2024, and 273 days for the nine months ended September 30, 2025). The following table sets forth the number of our inventory turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Inventory turnover days	56	59	46	59

Our inventory turnover days remained relatively stable at 56 days in 2022 and 59 days in 2023. Our inventory turnover days decreased from 59 days in 2023 to 46 days in 2024, mainly due to our improved inventory management and adjustment of customers' stocking pattern. Our inventory turnover days increased from 46 days in 2024 to 59 days for the nine months ended September 30, 2025, primarily as we increased purchases to fulfill our orders.

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Within one year	37,809,033	30,219,048	32,435,574	52,897,938
One to two years	169,814	156,423	208,198	412,198
Two to three years	49,426	44,125	52,133	112,739
Inventories, gross	38,028,274	30,419,596	32,695,906	53,422,875
Less: provision	(762,623)	(1,012,114)	(1,208,810)	(1,234,811)
Inventories, net	**37,265,651**	**29,407,482**	**31,487,096**	**51,578,965**

As of January 10, 2026, RMB47.1 billion, or approximately 88.1% of our inventories as of September 30, 2025 had been utilized or sold.

Trade and Note Receivables

Our trade and note receivables primarily represent the outstanding amounts due to us from our customers for our products and solutions. We generally grant our customers credit terms of 30 to 60 days. We seek to maintain strict control over our outstanding receivables to minimize credit risk. Our management regularly reviews our overdue balances. In view of the aforementioned and the fact that our trade and note receivables relate to diversified customers, there is no significant concentration of credit risk. We do not hold any collateral or other credit enhancements over our trade and notes receivable balances.

The following table sets forth our trade and note receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Trade receivables				
The third parties	25,541,031	22,578,616	29,496,263	47,173,642
The related parties	633,616	1,012,706	3,105,307	4,903,098
Associates	8,839	24,785	80,684	110,174
	26,183,486	23,616,107	32,682,254	52,186,914
Less: loss allowance	(140,131)	(111,626)	(121,155)	(448,274)
	26,043,355	23,504,481	32,561,099	51,738,640
Note receivables				
The third parties	937,993	261,104	234,310	254,569
The related parties	12,072	—	115,605	—
	950,065	261,104	349,915	254,569
Less: loss allowance	(298)	(30)	(142)	—
	949,767	261,074	349,773	254,546
Net carrying amount	**26,993,122**	**23,765,555**	**32,910,872**	**51,993,186**

Our trade and note receivables decreased by 12.0% from RMB27.0 billion as of December 31, 2022 to RMB23.8 billion as of December 31, 2023, primarily as we applied comprehensive financial strategies for receivable management. Our trade and note receivables increased by 38.5% from RMB23.8 billion as of December 31, 2023 to RMB32.9 billion as of December 31, 2024, which was in line with our business growth. Our trade and note receivables increased by 58.0% from RMB32.9 billion as of December 31, 2024 to RMB52.0 billion as of September 30, 2025, primarily due to our business growth and the consolidation of Wingtech Businesses.

The following table sets forth aging analysis of trade receivables, based on past due date and net of loss allowance, as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Not yet past due	25,384,591	23,209,441	32,170,750	50,347,323
Past due 1–365 days	754,474	370,849	438,702	1,628,672
Past due 1 year to 2 years	11,328	1,807	38,076	52,398
Past due over 2 years	33,093	34,010	34,726	158,521
Total	**26,183,486**	**23,616,107**	**32,682,254**	**52,186,914**

We calculate the trade and note receivables turnover days using the average of the opening and ending trade and note receivables balances for the period, divided by revenue for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2022, 2023 and 2024 and 273 days for the nine months ended September 30, 2025). The following table sets forth the number of our trade and note receivables turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Trade and note receivables turnover days	50	40	38	52

Our trade and note receivables turnover days decreased from 50 days in 2022 to 40 days in 2023, and further decreased to 38 days in 2024, primarily as we applied comprehensive financial strategies for trade and note receivables management. Our trade and note receivables turnover days increased from 38 days in 2024 to 52 days as of September 30, 2025, primarily due to the consolidation of the Wingtech Businesses.

As of January 10, 2026, RMB47.9 billion, or approximately 91.4% of our trade and note receivables as of September 30, 2025 were subsequently settled.

Restricted Bank Deposits

Our restricted deposits were mainly denominated in RMB and held in separate designed bank accounts as note payable and letter of credit.

Trade and Note Payables

Our trade and note payables primarily represent liabilities for goods and services provided to us prior to the end of financial year/period which are unpaid. The credit terms for our trade payables are agreed upon with each supplier, which is up to 180 days.

The following table sets forth our trade and note payables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Trade payables				
The third parties	42,873,140	41,525,608	55,615,844	79,194,881
The related parties	1,006,324	416,821	1,087,329	818,243
The associates	20,356	58,044	126,037	335,191
The joint ventures	9,959	5,532	5,324	1,871
	43,909,779	**42,006,005**	**56,834,534**	**80,350,186**
Note payables	**515,054**	**492,586**	**878,336**	**2,252,860**
Net carrying amount	**44,424,833**	**42,498,591**	**57,712,870**	**82,603,046**

Our trade and note payables decreased by 4.3% from RMB44.4 billion as of December 31, 2022 to RMB42.5 billion as of December 31, 2023, primarily due to trade payables arising from our stockpiling toward the end of 2022. Our trade and note payables increased by 35.8% from RMB42.5 billion as of December 31, 2023 to RMB57.7 billion as of December 31, 2024, primarily due to an increase in trade payables, in line with our business growth. Our trade and note payables increased by 43.1% from RMB57.7 billion as of December 31, 2024 to RMB82.6 billion as of September 30, 2025, primarily due to the increased purchases, in line with our business growth.

The following table sets forth an aging analysis of our trade payables:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
		(RMB'000)		
Up to 1 year	43,818,368	41,908,336	56,690,909	79,253,603
1 to 2 years	74,344	78,664	102,710	659,981
2 to 3 years	9,178	12,250	26,054	223,112
Over 3 years	7,889	6,755	14,861	213,490
Total	**43,909,779**	**42,006,005**	**56,834,534**	**80,350,186**

We calculate the trade and note payables turnover days using the average of the opening and ending trade and note payables balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2022, 2023 and 2024 and 273 days for the nine months ended September 30, 2025). The following table sets forth the number of our trade and note payables turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Trade and note payables turnover days	87	77	76	107

Our trade and note payables turnover days decreased from 87 days in 2022 to 77 days in 2023, primarily due to a higher cost of sales in 2023 in line with our business and growth. Our trade and note payables turnover days remained relatively stable at 77 days, 76 days in 2023 and 2024, respectively. Our trade and note payables turnover days increased from 76 days in 2024 to 107 days for the nine months ended September 30, 2025, primarily due to the acquisition of Wingtech Businesses with better credit terms.

As of January 10, 2026, RMB72.7 billion, or approximately 88.0% of our trade and note payables as of September 30, 2025 were subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily comprised (i) other payables for acquisition of PPE; and (ii) payroll and welfare payables.

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Non-current				
Provision	683	643	7,088	973,738
Payroll and welfare payable	—	—	—	881,441
Others	324	1,472	757	87,059
	1,007	**2,115**	**7,845**	**1,942,238**
Current				
Other payables for acquisition of PPE	5,876,704	3,902,510	8,253,459	6,185,717
Payroll and welfare payables	2,368,136	2,330,319	3,011,324	4,800,124
Other taxes payable	483,832	460,275	597,685	863,665
Amount due to the third parties(1)	457,737	392,072	449,958	831,774
Dividend payable(2)	15,089	11,894	52,175	16,503
Amount due to related parties(1)	45	2,711	218	11
Amount due to associates(1)	—	—	19	54
Amount due to joint ventures(1)	9	—	—	—
Others	116,922	129,980	129,012	771,587
	9,318,474	**7,229,761**	**12,493,850**	**13,469,435**

Notes:

(1) These amounts are trade nature, unsecured, interest free and repayable on demand.

(2) As of the Latest Practicable Date, all of the dividend payable had been settled, except for RMB8.0 million of distribution payables related to our partnership, which will be distributed upon the expiration of partnership. See Note 35 to the Accountants' Report set out in Appendix I to this document.

The fluctuations of our other payables and accruals were primarily due to fluctuations in payables incurred in relation to equipment for upgrades of existing production lines, construction of new production lines, and new R&D centers. Our other payables and accruals decreased by 22.4% from RMB9,318.5 million as of December 31, 2022 to RMB7,229.8 million as of December 31, 2023, primarily due to decreases in payables for acquisition of PPE. Our other payables and accruals increased by 72.8% from RMB7,229.8 million as of December 31, 2023 to RMB12,493.9 million as of December 31, 2024, primarily due to increases in the other payables for acquisition of PPE, and payroll and welfare payables, other tax payable and amount due to third parties. Our other payables and accruals increased by 7.8% from RMB12,493.9 million as of December 31, 2024 to RMB13,469.4 million as of September 30, 2025, primarily due to the increase in payroll and welfare payables, resulting from the increased headcount.

As of January 10, 2026, RMB10.9 billion of, or approximately 71.0% of our other payables and accruals as of September 30, 2025 were subsequently settled.

Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfillment of performance obligations. We generally grant our customers credit terms and may collect advances from customers on a case-by-case basis considering the associated credit risks. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had contract liabilities of RMB501.8 million, RMB243.6 million, RMB262.5 million and RMB837.6 million, respectively. Fluctuations of our contract liabilities are in line with the fluctuation of pre-sales amount.

As of January 10, 2026, RMB188.4 million, or approximately 22.5% of our contract liabilities as of September 30, 2025 were subsequently recognized as revenue.

Short-term Financing Bills

Our short-term financing bills include up to one year financing bills from commercial banks. These short-term financing bills do not constitute the bill financing activities as described in Chapter 1.2D of the Guide for New Applicants published by the Stock Exchange. Our short-term financing bills as of December 31, 2022, 2023 and 2024 and September 30, 2025 were RMB3,840.1 million, RMB802.7 million, RMB5,039.8 million and RMB3,216.3 million, respectively.

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL consisted of convertible bonds redemption/put options and derivatives. Our financial liabilities at FVTPL as of December 31, 2022, 2023 and 2024 and September 30, 2025 were RMB44.3 million, RMB117.9 million, RMB155.3 million and RMB458.1 million, respectively, primarily due to the fair value fluctuations of derivative financial instruments such as options and forward exchange contracts.

Deferred Income

Our deferred income consisted of government grants related to long-term assets. Our deferred income as of December 31, 2022, 2023 and 2024 and September 30, 2025 amounted to RMB665.9 million, RMB595.3 million, RMB649.1 million and RMB1,026.5 million, respectively, reflecting fluctuations of our government grants.

NET CURRENT ASSETS

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

	As of December 31,			As of September 30,	As of January 10,
	2022	2023	2024	2025	2026
	(RMB'000)				
					(unaudited)
Current assets					
Inventories	37,265,651	29,407,482	31,487,096	51,578,965	45,970,242
Contract fulfillment costs	97,679	350,449	215,580	417,808	358,126
Income tax recoverable	69,528	61,579	66,691	197,939	274,157
Trade and note receivables	26,993,122	23,765,555	32,910,872	51,993,186	58,227,108
Prepayments and other receivables	3,037,925	2,957,840	3,790,796	5,284,856	6,722,045
Financial assets at FVTOCI	—	587,585	1,106,284	1,782,061	1,239,669
Financial assets at FVTPL	1,353,267	1,720,764	1,403,111	3,335,263	12,652,630
Derivative financial instruments	—	—	—	98,373	97,712
Restricted bank deposits	2,054,791	3,935,387	1,092,553	2,239,868	1,961,456
Term deposits	107,450	1,757,335	19,205,160	25,773,824	33,540,908
Cash and cash equivalents	17,312,418	29,684,152	47,267,103	54,207,158	52,879,062
Total current assets	**88,291,831**	**94,228,128**	**138,545,246**	**196,909,301**	**213,923,115**
Current liabilities					
Trade and note payables	44,424,833	42,498,591	57,712,870	82,603,046	62,256,779
Other payables and accruals	9,318,474	7,229,761	12,493,850	13,469,435	14,293,615
Contract liabilities	501,765	243,567	262,508	837,582	772,441
Borrowings	15,740,739	23,202,679	37,415,654	68,640,430	75,660,350
Lease liabilities	179,282	129,208	153,947	598,429	616,163
Derivative financial instruments	—	—	—	30,824	40,159
Income tax payable	357,553	561,049	640,604	1,265,583	985,851
Convertible bonds	224,131	49,592	—	—	2,954,096
Short-term financing bills	3,840,115	802,722	5,039,812	3,216,283	6,027,278
Financial liabilities at FVTPL	44,318	117,942	155,279	458,097	362,297
Long term payable	—	—	—	59,433	36,704
Total current liabilities	**74,631,210**	**74,835,111**	**113,874,524**	**171,179,142**	**164,005,733**
Net current assets	**13,660,621**	**19,393,017**	**24,670,722**	**25,730,159**	**49,917,382**

We had net current assets as of RMB49.9 billion as of January 10, 2026, consisting of current assets of RMB213.9 billion and current liabilities of RMB164.0 billion, which represented an increase from the net current assets of RMB25.7 billion as of September 30, 2025. This was primarily due to increases in financial assets at FVTPL and term deposits as we continued to invest our cash from operations, as well as an increase in trade and note receivables.

We had net current assets of RMB25.7 billion as of September 30, 2025, consisting of current assets of RMB196.9 billion and current liabilities of RMB171.2 billion, which represented an increase of RMB1.0 billion from our net current assets of RMB24.7 billion as of December 31, 2024. This was primarily attributable to an increase in trade and note receivables and cash and cash equivalents from our operations partially offset by an increase in borrowings and trade and note payables.

We had net current assets of RMB24.7 billion as of December 31, 2024, consisting of current assets of RMB138.5 billion and current liabilities of RMB113.9 billion, which represented an increase of RMB5.3 billion from our net current assets of RMB19.4 billion as of December 31, 2023. This was primarily attributable to an increase in cash and cash equivalents and term deposits, partially offset by an increase in trade and note payables.

We had net current assets of RMB19.4 billion as of December 31, 2023, consisting of current assets of RMB94.2 billion and current liabilities of RMB74.8 billion, which represented an increase of RMB5.7 billion from our net current assets of RMB13.7 billion as of December 31, 2022. This was primarily attributable to an increase in cash and cash equivalents, partially offset by an increase in borrowings.

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including cash and cash equivalents as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations and bank borrowings. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had cash and cash equivalents of RMB17.3 billion, RMB29.7 billion, RMB47.3 billion and RMB54.2 billion, respectively.

Cash Flows

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

	Year ended December 31,			Nine months ended Sepetmber 30,	
	2022	2023	2024	2024	2025
			(RMB'000)		
				(Unaudited)	
Net cash generated from operating activities	12,727,611	27,605,058	27,116,910	6,675,013	3,478,039
Net cash used in investing activities	(13,326,366)	(19,559,912)	(35,656,073)	(29,266,721)	(13,856,313)
Net cash generated from financing activities	8,156,246	4,070,266	25,890,442	25,785,705	17,305,522
Net increase in cash and cash equivalents	7,557,491	12,115,412	17,351,279	3,193,997	6,927,248
Cash and cash equivalents at the beginning of the year/period	8,921,537	17,312,418	29,684,152	29,684,152	47,267,103
Effect of foreign exchange rate changes, net	833,390	256,322	231,672	(230,693)	12,807
Cash and cash equivalents at the end of the year/period	**17,312,418**	**29,684,152**	**47,267,103**	**32,647,456**	**54,207,158**

Operating Activities

Cash flows from operating activities consist of profit before income tax adjusted for certain non-cash or non-operating activities related items. We derive our cash inflow mainly from operating activities through sales of our products and solutions. Cash outflow from operating activities primarily consisted of costs and operating expenses incurred during our daily operations.

Our net cash generated from operating activities was RMB3,478.0 million for the nine months ended September 30, 2025. This net cash inflow was attributable to (i) profit before income tax of RMB14,228.3 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of depreciation of PPE and investment properties of RMB9,467.7 million. Such increase was partially offset by a decrease in working capital including (i) an increase in inventories and contract fulfillment costs of RMB13,321.9 million; (ii) a decrease in trade and note payables of RMB10,320.7 million; and (iii) a decrease in other payables and accruals of RMB9,068.8 million.

Our net cash generated from operating activities was RMB27,116.9 million in 2024. This net cash inflow was attributable to (i) profit before tax of RMB16,108.7 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of depreciation of PPE and investment properties of RMB10,648.2 million; and (ii) an increase in trade and note payables of RMB14,807.3 million.

Our net cash generated from operating activities was RMB27,605.1 million in 2023. This net cash inflow was attributable to (i) profit before tax of RMB12,885.0 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of depreciation of PPE and investment properties of RMB10,087.1 million; (ii) a decrease in inventories and contact fulfillment costs of RMB5,680.1 million; and (iii) a decrease in trade and note receivables of RMB2,095.8 million. These were partially offset by a decrease in trade and note payables of RMB2,484.6 million.

Our net cash generated from operating activities was RMB12,727.6 million in 2022. This net cash inflow was attributable to (i) profit before tax of RMB11,158.0 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of depreciation of PPE and investment properties of RMB7,629.2 million; and (ii) an increase in trade and note payables of RMB3,545.3 million. These were partially offset by an increase in inventories and contract fulfillment costs of RMB17,904.3 million.

Investing Activities

Our cash used in investing activities mainly consisted of our cash used in purchase of PPE, intangible assets, and other non-current assets, and net purchase of financial assets. Our cash generated from investing activities mainly consisted of proceeds from net disposal of financial assets and proceeds from disposal of PPE, intangible assets and other non-current assets.

Our net cash used in investing activities was RMB13,856.3 million for the nine months ended September 30, 2025. This net cash outflow was primarily due to the purchase of PPE, intangible assets and other non-current assets of RMB13,212.1 million.

Our net cash used in investing activities was RMB35,656.1 million in 2024. This net cash outflow was primarily due to (i) net purchase of financial assets of RMB22,142.5 million; and (ii) purchase of PPE, intangible assets and other non-current assets of RMB12,110.7 million.

Our net cash used in investing activities was RMB19,559.9 million in 2023. This net cash outflow was primarily due to (i) net purchase of financial assets of RMB9,091.4 million; and (ii) purchase of PPE, intangible assets and other non-current assets of RMB11,387.4 million.

Our net cash used in investing activities was RMB13,326.4 million in 2022. This net cash outflow was primarily due to purchase of PPE, intangible assets and other non-current assets of RMB13,584.1 million.

Financing Activities

Our cash generated from financing activities mainly consisted of proceeds from bank borrowings and proceeds from short term financing bills. Cash used in financing activities mainly consisted of repayments of bank borrowings.

Our net cash generated from financing activities was RMB17,305.5 million for the nine months ended September 30, 2025. This net cash inflow was primarily due to proceeds from bank borrowings of RMB85,942.4 million. This net cash inflow was partially offset by the repayment of bank borrowings of RMB68,419.1 million.

Our net cash generated from financing activities was RMB25,890.4 million in 2024. This net cash inflow was primarily due to proceeds from bank borrowings of RMB90,538.7 million. This net cash inflow was partially offset by the repayment of bank borrowings of RMB70,178.6 million.

Our net cash generated from financing activities was RMB4,070.3 million in 2023. This net cash inflow was primarily due to proceeds from bank borrowings of RMB91,681.5 million. This net cash inflow was partially offset by the repayment of bank borrowings of RMB82,391.7 million.

Our net cash generated from financing activities was RMB8,156.2 million in 2022. This net cash inflow was primarily due to proceeds from bank borrowings of RMB65,493.2 million. This net cash inflow was partially offset by the repayment of bank borrowings of RMB59,745.7 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we met our working capital requirements mainly from cash generated from operations, bank loans and contributions from our shareholders.

Taking into account the financial resources available to us, including cash flow from operating activities and the estimated **[REDACTED]** from the **[REDACTED]**, 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.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

During the Track Record Period, our indebtedness consisted of (i) borrowings; (ii) short-term financing bills; (iii) lease liabilities; (iv) convertible bonds; and (v) medium-term notes. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of September 30, 2025	As of January 10, 2026
	2022	2023	2024		
			(RMB'000)		
					(unaudited)
Included in current liabilities					
Borrowings	15,740,739	23,202,679	37,415,654	68,640,430	75,660,350
Short-term financing bills	3,840,115	802,722	5,039,812	3,216,283	6,027,278
Lease liabilities	179,282	129,208	153,947	598,429	616,163
Convertible bonds	224,131	49,592	—	—	2,954,096
Sub-total	**19,984,267**	**24,184,201**	**42,609,413**	**72,455,142**	**85,257,887**
Included in non-current liabilities					
Borrowings	9,205,313	12,038,771	19,619,742	16,910,745	19,157,575
Convertible bonds	2,689,624	2,799,500	3,305,437	3,427,254	431,982
Lease liabilities	800,739	552,489	727,983	2,224,677	2,022,484
Medium-term notes	—	—	—	3,039,198	3,057,421
Sub-total	**12,695,676**	**15,390,760**	**23,653,162**	**25,601,874**	**24,669,462**
Total	**32,679,943**	**39,574,961**	**66,262,575**	**98,057,016**	**109,927,349**

Borrowings

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

	As of December 31,			As of September 30,	As of January 10,
	2022	2023	2024	2025	2026
			(RMB'000)		(unaudited)
Unsecured and unguaranteed bank borrowings(1)	16,326,084	28,300,005	50,761,894	69,812,123	77,689,376
Secured and unguaranteed bank borrowings(2)	6,917,093	6,284,912	6,130,630	15,534,843	16,773,621
Unsecured and guaranteed bank borrowings(3)	1,702,875	656,533	142,872	204,209	354,928
Total	**24,946,052**	**35,241,450**	**57,035,396**	**85,551,175**	**94,817,925**

Notes:

(1) The range of interest rates of unsecured and unguaranteed bank borrowings were 1.24 % to 6.33%, 1.93% to 5.70%, 1.57% to 3.10%, and 0% to 4.17% in December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively.

(2) The range of interest rates of secured and unguaranteed bank borrowings were 1.34% to 5.73%, 2.50% to 7.90%, 1.10% to 6.03%, and 0.40% to 3.92% in December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively.

(3) The range of interest rates of unsecured and guaranteed bank borrowings were 1.48% to 4.00%, 1.93% to 3.80%, 2.05% to 3.50%, and 2.05% to 4.63% in December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively.

Our borrowings increased by 41.3% from RMB24.9 billion as of December 31, 2022 to RMB35.2 billion as of December 31, 2023, further increased by 61.8% from RMB35.2 billion as of December 31, 2023 to RMB57.0 billion as of December 31, 2024, further increased by 50.0% from RMB57.0 billion as of December 31, 2024 to RMB85.6 billion as of September 30, 2025 and further to RMB94.8 million as of January 10, 2026, primarily due to increased working capital needs to support our growing business operations, in line with our growth in business scale.

Our Directors confirm that there has been no material change in our indebtedness position since January 10, 2026, being the latest practicable date for the purpose of the indebtedness statement. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank loans, we did not have plans for other material external debt financing.

As of January 10, 2026, we had unutilized credit facilities of RMB98.3 billion. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

Lease Liabilities

The following table sets forth the carrying amount of our lease liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of January 10,
	2022	2023	2024	2025	2026
		(RMB'000)			
					(unaudited)
Non-current	800,739	552,489	727,983	2,224,677	616,163
Current	179,282	129,208	153,947	598,429	2,022,484
Total	**980,021**	**681,697**	**881,930**	**2,823,106**	**2,638,647**

Our lease liabilities decreased from RMB980.0 million as of December 31, 2022 to RMB681.7 million as of December 31, 2023, primarily as we replaced certain rented factories with our self-owned factories. Our lease liabilities increased from RMB681.7 million as of December 31, 2023 to RMB881.9 million as of December 31, 2024, primarily due to an increase in leased buildings and the increase of lease liabilities from newly acquired companies such as the Qorvo Business and Cosmo Business. Our lease liabilities increased from RMB881.9 million as of December 31, 2024 to RMB2,823.1 million as of September 30, 2025, primarily due to the acquisition of the Wingtech Businesses. Our lease liabilities decreased slightly from RMB2,823.1 million as of September 30, 2025 to RMB2,638.6 million as of January 10, 2026, primarily due to the settlement of lease payments during the year.

For a maturity analysis of our lease liabilities, see Note 20 to the Accountants' Report set out in Appendix I to this document.

Contingent Liabilities

As of January 10, 2026, we did not have any material contingent liabilities undertaken by or impacted on our Company or our Group.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period primarily consisted of expenditures on purchases of PPE, intangible assets and other non-current assets. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our capital expenditures were RMB13,584 million, RMB11,387 million, RMB12,111 million, RMB8,540 million and RMB13,212 million, respectively. We expect to incur capital expenditures related to expansion of our production capacity and upgrade of existing production bases. We intend to fund our planned capital expenditures through a combination of the **[REDACTED]** from the **[REDACTED]**, cash generated from operating activities and debt financings.

Capital Commitments

We did not have any significant capital commitments as of September 30, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not our related parties and the market price during the relevant period. Upon the completion of this **[REDACTED]**, we will comply with the relevant Listing Rules and adopt a more prudent approach when reviewing and engaging in related party transactions.

Transactions with Related Parties

During the Track Record Period, our transactions with related parties mainly consisted of (i) sales of goods; (ii) purchases of goods; (iii) leased out buildings to related parties, (iv) leased buildings from related parties; (v) provision of labor services and (vi) purchase of labor services. See Note 42 to the Accountants' Report set out in Appendix I to this document for details of transactions carried out with our related parties during the Track Record Period.

It is the view of our Directors that each of the related party transactions set out in Note 42 of the Accountants' Report in Appendix I to this document (i) was conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) does not distort our Track Record Period results or make our historical results not reflective of future performance.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the years/periods indicated:

	As of/For the year ended December 31,			As of/For the nine months ended September 30,
	2022	2023	2024	2025
Profitability ratios				
Gross profit margin (%)(1)	11.9	11.1	10.1	11.8
Net profit margin (%)(2)	4.9	5.3	5.4	5.8
Return on equity (%)(3)	22.7	21.5	21.3	—
Liquidity ratios				
Current ratio (times)(4)	1.2	1.3	1.2	1.2
Quick ratio (times)(5)	0.7	0.9	0.9	0.8

Notes:

(1) Gross profit margin is calculated based on gross profit for the year/period divided by revenue and multiplied by 100%

(2) Net profit margin is calculated based on net profit for the year/period divided by revenue and multiplied by 100%

(3) Return on equity is calculated based on profit for the year/period attributable to owners of our Company divided by the average of the opening and closing balances of equity attributable to owners of our Company and multiplied by 100%

(4) Current ratio is calculated based on total current assets divided by total current liabilities

(5) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities

Gross Profit Margin and Net Profit Margin

For details, see "Consolidated Statements of Profit or Loss and Other Comprehensive Income" for a discussion of the factors affecting our gross profit margin and net profit margin during the respective periods.

Return on Equity

Our return on equity remained relatively stable at 22.7% in 2022, 21.5% in 2023 and 21.3% in 2024, respectively. Our return on equity for the nine months ended September 30, 2025 was not meaningful.

Current Ratio

Our current ratio remained stable at 1.2 times, 1.3 times, 1.2 times, and 1.2 times as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

Quick Ratio

Our quick ratio remained stable at 0.7 times, 0.9 times, 0.9 times, and 0.8 times as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

FINANCIAL RISKS

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, see Note 3 in the Accountants' Report set out in Appendix I to this document.

Market Risk

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our businesses are principally conducted in RMB, USD and other foreign currencies. Our exchange rate risks mainly arise from financial assets and financial liabilities denominated in U.S. dollars. If the RMB appreciates against U.S. dollar and other factors remain unchanged, our profit before taxation would decrease, and vice versa.

We regularly monitor its foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk. We continuously monitor the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risk. We may enter into forward foreign exchange contracts or currency swap contracts to hedge against exchange rate risk. For details, see Notes 3.1(a)(i) to the Accountants' Report in Appendix I to this document.

Interest Rate Risk

Our interest rate risk primarily arises from borrowings, convertible bonds, financial assets at FVTPL, cash and cash equivalents, term deposits, and restricted bank deposits.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we were not exposed to significant interest rate risk as all financial instruments were mainly fixed-rate instruments with no floating-rate components. We regularly monitor our interest rate risk to ensure there is no undue exposure to significant interest rate risk.

Other Price Risk

We are exposed to equity price risk mainly arising from investments held by our Group that are classified as FVTOCI. To manage its price risk arising from the investments, we diversifies its investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing our Group's liquidity level simultaneously. Each investment is managed by management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of our Group's financial results to equity price risk of FVTOCI at the end of each reporting period. If prices of the respective instruments held by us had increased/decreased by 10% as at 31 December 2022, 2023 and 2024 and September 30, 2025, with all other variable held constant, other comprehensive income would increase/decrease approximately RMB41,486,700, RMB20,083,000, RMB6,500,000 and RMB15,273,000, respectively, as a result of gains/losses on financial instruments classified as FVTOCI.

Credit Risk

We are exposed to credit risk in relation to its cash and cash equivalents, restricted bank deposits, trade receivables and other receivables. The carrying amount of each class of the above assets represents our maximum exposure to credit risk in relation to the corresponding class of assets.

Credit Risk of Cash and Cash Equivalents and Restricted Bank Deposits

To manage this risk, our subsidiaries only make transactions with reputable commercial banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The credit losses are assessed to be immaterial.

Credit Risk of Trade Receivables

We apply the simplified approach in calculating ECLs for trade receivables. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward-looking information. For customer subjected to individual assessment, the management has fully provided for impairment during the Track Record Period.

The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure ECL. 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.

Credit Risk of Other Receivables

Other receivables mainly comprise amount due from associates, amount due from the related parties, amount due from the third parties and input VAT to be deducted. The management of our Group makes individual assessment on the recoverability of amount due from associates, amount due from the related parties, amount due from the third parties and deposits based on historical settlement records and past experiences. We measure credit risk using probability of default, exposure at default and loss given default. See Note 3 to the Accountants' Report set out in Appendix I to this document for more details in relation to the impairment on other receivables.

The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. Liquidity risk is centrally managed by our finance department. The finance department ensures we maintain sufficient funding to meet its debt obligations under reasonably foreseeable scenarios by monitoring cash balances, marketable securities, and rolling 12-month cash flow forecasts.

DIVIDENDS

We are incorporated under the laws of the PRC. Pursuant to our Articles of Association, our Board may declare dividends after taking into account our results of operations, financial condition, cash requirements and availability and other factors which our Board considers relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

The final dividend for 2022, 2023 and 2024 was RMB926.9 million, RMB2,153.4 million and RMB1,449.5 million, respectively. As of the Latest Practicable Date, we had paid such declared dividends in full.

DISTRIBUTABLE RESERVES

As of September 30, 2025, our Company had retained earnings of RMB63.2 billion, which could be distributed subject to current articles of association of our Company and the PRC Company Law.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly include **[REDACTED]**, and professional fees paid to legal advisors, the Reporting Accountants and other professional parties for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**.

Based on the **[REDACTED]** of HK$**[REDACTED]** per Share (being the maximum **[REDACTED]** stated in this document), the total estimated **[REDACTED]** expenses in relation to the **[REDACTED]** are RMB**[REDACTED]** (HK$**[REDACTED]**), assuming the **[REDACTED]** is not exercised, which constitute approximately **[REDACTED]**% of the gross **[REDACTED]**. Our total **[REDACTED]** expenses consist of (i) **[REDACTED]** expenses and fees of RMB**[REDACTED]** (HK$**[REDACTED]**); and (ii) **[REDACTED]** expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), including (a) fees payable to the legal advisors and Reporting Accountants of RMB**[REDACTED]** (HK$**[REDACTED]**) and (b) other fees and expenses of RMB**[REDACTED]** (HK$**[REDACTED]**. During the Track Record Period, we did not incur any including Sponsors' fees **[REDACTED]** expenses. Approximately HK$**[REDACTED]** of the **[REDACTED]** expenses is expected to be charged to profit or loss, and approximately HK$**[REDACTED]** directly attributable to the issue of the H Shares is expected to be deducted from equity upon the completion of the **[REDACTED]**.

Our Directors do not expect that such expenses will have a material adverse effect on our results of operations for the year ending December 31, 2025.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

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

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules upon the **[REDACTED]** of the H Shares on the Stock Exchange.