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

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

OVERVIEW

We are a manufacturer of transmission and drive components with over 25 years of R&D and manufacturing experience. We design, develop, manufacture and sell a diverse and expanding product portfolio covering (i) transmission and drive components, including transmission components, new energy power systems and hub bearing components; and (ii) interior and exterior accessories. Leveraging our strong R&D and manufacturing capabilities, we deliver products to our customers in the automotive sector while expanding into other areas such as new energy vehicles, low-altitude aircraft, and humanoid robots. Meanwhile, we have earned broad recognition from our customers and built a strong, high-quality customer base that includes leading global automobile OEMs.

We generate revenue primarily by selling transmission and drive components, interior and exterior accessories, and others. During the Track Record Period, we generated revenue of RMB4,138.8 million, RMB4,910.5 million, and RMB5,483.7 million, respectively, with a gross profit of RMB683.5 million, RMB847.1 million, and RMB1,113.3 million at a gross profit margin of 16.5%, 17.3%, and 20.3%, respectively. We recorded profit for the year of RMB81.9 million, RMB497.6 million, and RMB503.2 million during the same years, respectively.

BASIS OF PRESENTATION

For details, please see note 1 to the Accountants' Report in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The results of operations of our Group have been and are expected to continue to be affected by a number of factors, including the key ones set out in the section headed "Risk Factors" in this Document and below:

Ability to Maintain and Engage Customers and Seize Market Opportunities

Our business growth is driven by our ability to expand our customer base and maintain our relationships with existing customers. We serve high-quality OEM customers globally, including the top ten OEMs in both China and the world. Leveraging our extensive experience in the industry, we optimize resource allocation efficiently across various regions worldwide, enabling us to provide OEM customers with superior R&D, supply chain and production solutions on a global scale, while also ensuring rapid and effective local response.

Our future growth will depend on our abilities to identify and capitalize on major market opportunities, including the increasing penetration of NEVs, the rising market share of Chinese domestic brands, and the international expansion of Chinese OEMs. By leveraging our competitive advantages in localization and our network of synergistic factories, we have successfully strengthened our presence in the Chinese market, with particular focus on leading domestic brands and NEV manufacturers. Our continued R&D investment and deep involvement in automotive electronics has also enabled us to substantially expand our product portfolio and secure orders, as we are proactively extending our expertise into emerging fields, including core humanoid robot components, actuation modules, and ball screws for automotive applications.

As a leading manufacturer of transmission and drive components headquartered in the PRC with expanding global operations, we are positioned to support the international expansion of Chinese OEMs. Our established manufacturing facilities and R&D centers across certain automotive markets enable us to efficiently meet customer demands and provide rapid support. Leveraging our technological advantages and comprehensive understanding of both local and global markets, combined with our strong domestic relationships, we expect to continuously secure overseas project orders from Chinese brands.

Our Ability to Enhance Our Market Presence Domestically and Globally

We are the largest manufacturer of automotive seat HDM in China with a market share of 32.8%, and the third largest wheel hub bearing manufacturer in China, with a market share of 6.9%, in terms of revenue in 2024, according to Frost & Sullivan. In 2023, 2024 and 2025, our revenue in the PRC amounted to RMB3,578.0 million, RMB4,432.0 million and RMB4,997.1 million, respectively, representing 86.4%, 90.3% and 91.1% of our total revenue during the same years, respectively.

We have established a global footprint. We are the second-largest automotive seat HDM manufacturer in the world with a global market share of 15.1%, and the ninth largest wheel hub bearing manufacturer in the world with a global market share of 2.2%, in terms of revenue in 2024, according to Frost & Sullivan. As of the Latest Practicable Date, we had sold auto parts and accessories to over 22 countries and regions. In 2023, 2024 and 2025, our sales to other countries and regions generated revenue of RMB560.8 million, RMB478.5 million, and RMB486.6 million, respectively, representing 13.6%, 9.7% and 8.9% of our total revenue during the same years, respectively.

By continually expanding into new overseas markets, and strengthening our presence in existing markets, we aim to enlarge our customer base both domestically and overseas, thereby promoting our sales in different markets.

Our Ability to Control Costs and Improve Operational Efficiency

Our ability to manage costs and enhance efficiency will impact the results of our operations. We collaborate with business partners across the industry value chain and work extensively with them to build an industrial ecosystem with a controllable supply chain. The ecosystem is further strengthened by our vertically integrated supply chain, which spans from upstream materials to finished products, reducing external coordination costs and mitigating supply chain risks. We believe our collaborative industrial ecosystem can provide us with a safe, flexible and efficient supply chain, enabling us to build a high-quality, efficient and cost-effective development system, supporting our diversified product portfolio across China and overseas.

Our cost competitiveness is fundamentally supported by our proprietary design capabilities, which enable cost control beginning at the initial product design phase. In addition, our advanced manufacturing processes consistently deliver a product yield rate of 99.7%. This exceptional yield, sustained through continuous process refinement, constitutes a critical element of our overall cost management strategy.

We also plan to leverage our development platform with high compatibility and adaptability to reduce unit production cost as we scale up to achieve economies of scale. By optimizing our production process through advanced, intelligent and automated manufacturing, we aim to enhance our production capacity and our profitability.

Strategic Increase in R&D Expenditure to Enhance Technological Capabilities

We are committed to research and development driven by market demands. As of December 31, 2025, we had 811 R&D professionals. According to Frost & Sullivan, technological innovation and the rapid development of intelligent systems have become pivotal in shaping the future of the automotive industry. We have strategically focused our R&D efforts on the auto parts and accessories, and we have also expanded our R&D footprint to humanoid robots.

We have established seven R&D centers in Hubei, Zhejiang, and Shanghai in China, enhancing our technological capabilities through continuous internal process improvements and strategic external collaborations, while also placing strong emphasis on attracting and retaining high-caliber technical talent. As we expand our business overseas, we expedite the localization of our technical capabilities to make our products appealing to local customers. In addition, the ongoing iteration of our manufacturing techniques further strengthens our in-house process technology, enabling higher product quality and production efficiency.

We plan to invest in research and development with a focus on developing new technologies as well as improving the quality and core technology of our existing products and services. As our business grows, we anticipate our research and development investments will increase, which we believe will boost our technological capabilities.

Integration of Acquired Businesses

We expand our business through several key acquisitions, including the acquisition of Wuxi Kezhixin, a company primarily engaged in the production of grinding machine, in January 2025. The successful integration of acquired businesses into our existing business framework is crucial to our business development and the implementation of our strategies. In addition, we may from time to time implement strategic restructuring initiatives to maintain market competitiveness, optimize internal group resources and enhance operational efficiency. As of December 31, 2023 and 2024, the carrying amount of our goodwill was nil, and we had goodwill of RMB115.3 million as of December 31, 2025. Acquisitions may involve significant risks and uncertainties. See "Risk Factors — Risks Relating to Our Business and Industry — We may be unable to consummate or successfully integrate acquisitions and strategic alliances."

Fluctuations in Exchange Rates

In 2023, 2024 and 2025, we recorded net foreign exchange gain of RMB4.7 million and RMB4.2 million and net foreign exchange loss of RMB1.6 million, respectively. As a company with global operations, our future results of operations will continue to be affected by fluctuation in exchange rates. We regularly monitor the scale of our foreign currency transactions and balances of our foreign currency-denominated assets and liabilities and may engage in foreign exchange hedging transactions to minimize our exposure to exchange rate risk.

MATERIAL ACCOUNTING POLICY INFORMATION, ACCOUNTING JUDGEMENTS AND ESTIMATES

For details, see notes 2 and 3 to the Accountants' Report in Appendix I to this Document.

RESULTS OF OPERATIONS

Below sets forth our consolidated statements of profit or loss for the years indicated.

	Years ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue	4,138,824	4,910,495	5,483,698
Cost of sales	(3,455,294)	(4,063,384)	(4,370,419)
Gross profit	683,530	847,111	1,113,279
Other income	62,254	89,334	60,658
Selling and distribution expenses	(35,407)	(32,792)	(43,041)
Administrative expenses	(298,920)	(318,465)	(371,177)
Research and development costs	(175,045)	(168,528)	(220,278)
Expected credit losses (provided) / reversed on financial instruments	(7,474)	(1,058)	3,854
Provision for impairment losses	(69,782)	(32,627)	–
Other net (loss)/gain	(5,929)	157,409	28,542
Profit from operations	153,227	540,384	571,837
Finance costs	(46,818)	(31,742)	(20,344)
Profit before taxation	106,409	508,642	551,493
Income tax	(24,471)	(11,018)	(48,264)
Profit for the year	81,938	497,624	503,229

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue

We derived our revenues primarily from the sales of (i) transmission and drive components and (ii) interior and exterior accessories. The revenues from the sales of transmission and drive components are from (i) transmission components, (ii) hub bearing components and (iii) new energy power systems. We generated almost all of our revenue during the Track Record Period from the sales of transmission and drive components and interior and exterior accessories. To enhance our overall operational efficiency, we also generate revenues purely from rental services arising from our temporary idle premises. Other businesses during the Track Record Period primarily include sales of scrap materials, molds, and gearbox, which were incidental and ancillary to our core business operation. Our revenue increased throughout the Track Record Period, primarily attributable to increased orders from and increase in sales volume to OEMs of EVs, resulting from the booming market of EVs in China.

By product and service category

The following table sets forth a breakdown of our revenue by product and service category provided for the years presented.

	Years ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of products						
Transmission and drive components	2,279,662	55.1	2,847,765	58.0	3,269,958	59.6
Transmission components	*806,762*	*19.5*	*866,505*	*17.6*	*905,968*	*16.5*
Hub bearing components	*1,201,436*	*29.0*	*1,306,329*	*26.6*	*1,415,479*	*25.8*
New energy power systems	*271,464*	*6.6*	*674,931*	*13.8*	*948,511*	*17.3*
Interior and exterior accessories	1,569,500	37.9	1,763,462	35.9	1,946,082	35.6
Others	282,745	6.8	291,580	5.9	259,906	4.7
Subtotal	**4,131,907**	**99.8**	**4,902,807**	**99.8**	**5,475,946**	**99.9**
Rental income	**6,917**	**0.2**	**7,688**	**0.2**	**7,752**	**0.1**
Total	**4,138,824**	**100.0**	**4,910,495**	**100.0**	**5,483,698**	**100.0**

By geographical region

The following table sets forth a breakdown of our revenue by region both in absolute amount and as a percentage of our total revenue for the years presented.

	Years ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese mainland	3,577,976	86.4	4,431,961	90.3	4,997,139	91.1
Overseas	560,848	13.6	478,534	9.7	486,559	8.9
– United States	*302,478*	*7.3*	*235,655*	*4.8*	*257,831*	*4.7*
– Mexico	*129,112*	*3.1*	*105,611*	*2.2*	*95,871*	*1.7*
Total	**4,138,824**	**100.0**	**4,910,495**	**100.0**	**5,483,698**	**100.0**

By application scenario

During the Track Record Period, 93.0%, 93.9% and 95.2% of our revenue from sales of transmission and drive components and interior and exterior accessories were applied to automotive vertical, respectively. Starting from 2025, our products have been applied in humanoid robots verticals, which accounted for 0.3% of our revenue from sales of transmission and drive components and interior and exterior accessories in 2025.

Cost of Sales

Our cost of sales primarily consisted of (i) raw materials; (ii) manufacturing overhead; and (iii) staff costs, which in aggregate accounted for 97.9%, 98.5% and 99.4% of our cost of sales, respectively, in 2023, 2024 and 2025. The following table sets forth a breakdown of our cost of sales by nature for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Raw materials	2,621,825	75.9	3,166,048	77.9	3,346,953	76.6
Manufacturing overhead	542,750	15.7	574,284	14.1	724,362	16.6
Staff costs	216,407	6.3	264,310	6.5	272,542	6.2
Other(1)	74,312	2.1	58,742	1.5	26,562	0.6
Total	**3,455,294**	**100.0**	**4,063,384**	**100.0**	**4,370,419**	**100.0**

Note: (1) Primarily including urban maintenance and construction tax, education surcharge, local education surcharge, and product warranty reserve.

The following table sets forth a breakdown of our cost of sales by products and service category for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Transmission and drive components	1,761,510	51.0	2,234,091	55.0	2,506,655	57.4
Interior and exterior accessories	1,421,712	41.1	1,539,260	37.9	1,684,376	39.5
Others(1)	270,618	7.9	288,609	7.1	177,556	4.1
Rental income	1,454	0.0	1,424	0.0	1,832	0.0
Total	**3,455,294**	**100.0**	**4,063,384**	**100.0**	**4,370,419**	**100.0**

Note: (1) Primarily including scrap materials, molds, and gearbox.

Gross Profit and Gross Profit Margin

Our gross profit was RMB683.5 million in 2023, RMB847.1 million in 2024 and RMB1,113.3 million in 2025. Our gross profit margin was 16.5% in 2023, 17.3% in 2024 and 20.3% in 2025. The following table sets forth a breakdown of our gross profit and gross profit margin by product and service categories we offered for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Transmission and drive components	518,152	22.7	613,674	21.5	763,303	23.3

	Years Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Interior and exterior accessories	147,788	9.4	224,202	12.7	261,706	13.4
Others	12,127	4.3	2,971	1.0	82,350	31.7
Rental incomes	5,463	79.0	6,264	81.5	5,920	76.4
Total	**683,530**	**16.5**	**847,111**	**17.3**	**1,113,279**	**20.3**

The table below sets forth a breakdown of our gross profit and gross profit margin by geographic locations for the years indicated:

	Years Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese mainland	500,926	14.0	709,570	16.0	969,251	19.4
Overseas	182,604	32.6	137,541	28.7	144,028	29.6
Total	**683,530**	**16.5**	**847,111**	**17.3**	**1,113,279**	**20.3**

Other Income

Our other income primarily consisted of government grants, interest income, value-added tax refund and value-added tax deductible. Government grants represent the cash received from government after government approval of the applications that meet the requirements of government's policies. There are uncertainties as to whether or not and, if yes, when we will receive government grants. There is no assurance that we will continue to receive government grants in the future. In 2023, 2024 and 2025 our other income were RMB62.3 million, RMB89.3 million and RMB60.7 million, respectively.

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

	Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Government grants	42,641	68.5	65,860	73.7	34,102	56.2
Interest income	6,919	11.1	9,165	10.3	7,663	12.6
Value-added tax refund	4,109	6.6	5,173	5.8	4,592	7.6
Value-added tax deductible	8,169	13.1	9,013	10.1	14,105	23.3
Others	416	0.7	123	0.1	196	0.3
Total	**62,254**	**100.0**	**89,334**	**100.0**	**60,658**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of employee salary, and business development expenses. In 2023, 2024 and 2025, our selling and distribution expenses amounted to RMB35.4 million, RMB32.8 million, and RMB43.0 million, respectively, representing 0.9%, 0.7% and 0.8% of our total revenue of the same years, respectively. Below sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee salary	10,776	30.4	12,123	37.0	15,360	35.7
Business development expenses	15,823	44.7	14,410	43.9	17,562	40.8
Share-based compensation expenses	433	1.2	1,812	5.5	2,711	6.3
Office and travel expenses	1,794	5.1	2,488	7.6	3,729	8.7
Depreciation and amortization expenses	101	0.3	92	0.3	143	0.3
Others	6,480	18.3	1,867	5.7	3,536	8.2
Total	**35,407**	**100.0**	**32,792**	**100.0**	**43,041**	**100.0**

Administrative Expenses

Our administrative expenses primarily consisted of employee salary, share-based compensation expenses, and depreciation and amortization expenses. In 2023, 2024 and 2025, our administrative expenses amounted to RMB298.9 million, RMB318.5 million and RMB371.2 million, respectively, representing 7.2%, 6.5% and 6.8% of our total revenue of the same years, respectively. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee salary	138,332	46.2	139,103	43.6	167,249	45.1
Depreciation and amortization expenses	72,668	24.3	64,865	20.4	48,433	13.0
Office and travel expenses	26,813	9.0	28,489	8.9	34,694	9.3
Consultant and service fees	10,408	3.5	9,831	3.1	20,756	5.6
Share-based compensation expenses	4,076	1.4	19,204	6.0	49,281	13.3
Taxes	20,070	6.7	21,276	6.7	22,119	6.0
Others[(1)]	26,553	8.9	35,697	11.3	28,645	7.7
Total	**298,920**	**100.0**	**318,465**	**100.0**	**371,177**	**100.0**

Note: 1. Primarily included environmental protection fees, work safety fees, property management fees, lease/rental fees, vehicle expenses, and material consumption.

Research and Development Costs

Our R&D costs primarily consisted of employee salary, material costs, depreciation and amortization expenses and share-based compensation expenses. In 2023, 2024 and 2025, our R&D costs amounted to RMB175.0 million, RMB168.5 million and RMB220.3 million, respectively, representing 4.2%, 3.4% and 4.0% of our total revenue of the same years, respectively. Below sets forth a breakdown of our R&D costs for the years indicated:

	Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee salary	96,620	55.2	92,691	55.0	115,677	52.5
Depreciation and amortization expenses	23,704	13.5	11,889	7.1	11,708	5.3
Material costs	32,372	18.5	23,464	13.9	45,990	20.9
Office and travel expenses	3,739	2.1	3,855	2.3	6,398	2.9
Testing and inspection fees	11,135	6.4	3,145	1.9	4,149	1.9
Share-based compensation expenses	1,764	1.0	7,486	4.4	21,965	10.0
Others	5,711	3.3	25,998	15.4	14,391	6.5
Total	**175,045**	**100.0**	**168,528**	**100.0**	**220,278**	**100.0**

Expected credit losses (provided) / reversed on financial instruments

We recorded expected credit losses on financial instruments of RMB7.5 million in 2023 and RMB1.1 million in 2024. We recorded expected credit losses reversal on financial instruments of RMB3.9 million in 2025.

Provision for impairment losses

Our provision for impairment losses primarily consisted of impairments related to production lines and assembly lines. In 2023, 2024 and 2025, our impairment losses amounted to RMB69.8 million, RMB32.6 million and nil, respectively.

Other net (loss)/gain

Our other net gain/(loss) primarily consisted of (i) performance compensation income, (ii) provision for contingencies, (iii) net gains/(loss) on disposals of property, plant and equipment, intangible assets and right-of-use assets, and (iv) net foreign exchange gain. In 2024 and 2025, we recorded other net gain of RMB157.4 million and RMB28.5 million, respectively, and we recorded other net loss of RMB5.9 million in 2023. The significant increase in other net gain in 2024 was primarily attributable to the recognition of performance compensation income resulting from the acquisition of Shuanglin Investment in 2018.

Finance Costs

Our finance costs primarily consisted of interest on bank loans and interest on lease liabilities. In 2023, 2024 and 2025, our finance costs amounted to RMB46.8 million, RMB31.7 million and RMB20.3 million, respectively.

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from jurisdictions in which we operate. In 2023, 2024 and 2025, we recorded income tax of RMB24.5 million, RMB11.0 million, and RMB48.3 million, respectively.

Chinese mainland

According to the Enterprise Income Tax Law of the PRC, our subsidiaries in China are subject to statutory income tax rate of 25%, and enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise. Certain of our subsidiaries in China were accredited as high and new technology enterprise ("**HNTE**") and were entitled to a preferential tax rate of 15% for the qualified period. Pursuant to "Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalog of Encouraged Industries in Western Region" issued by relevant tax authorities in PRC, companies in the western region that engage in the industries encouraged by the state can enjoy the preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2030. Certain subsidiaries of our Group in China fall within the eligible industry category and are entitled to enjoy the preferential income tax rate.

Hong Kong

The applicable profits tax rate of our subsidiaries incorporated in Hong Kong was 16.5% for the Track Record Period. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%.

Profit for the Year

In light of the above, we achieved a net profit of RMB81.9 million, RMB497.6 million and RMB503.2 million, with a net profit margin of 2.0%, 10.1% and 9.2% in 2023, 2024, and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 11.7% from RMB4,910.5 million in 2024 to RMB5,483.7 million in 2025.

Revenue from the sales of transmission and drive components. Our revenue from the sales of transmission and drive components increased by 14.8% from RMB2,847.8 million in 2024 to RMB3,270.0 million in 2025, primarily attributable to the increase of sales of hub bearing components of RMB109.2 million and new energy power systems of RMB273.6 million. The increase in sales was due to the increased orders from OEMs of EVs, resulting from the booming market of EVs in China.

Revenue from the sales of interior and exterior accessories. Our revenue from the sales of interior and exterior accessories increased by 10.4% from RMB1,763.5 million in 2024 to RMB1,946.1 million in 2025, primarily attributable to the increase in sales volume to OEMs of EVs, resulting from the booming market of EVs in China.

Revenue from the sales of others. Our revenue from the sales of others decreased by 10.9% from RMB291.6 million in 2024 to RMB259.9 million in 2025, primarily driven by the further scale-down of our gearbox business, with only a limited amount of after-sales parts sales recorded in 2025.

Cost of sales

Our cost of sales increased by 7.6% from RMB4,063.4 million in 2024 to RMB4,370.4 million in 2025, which was generally in line with the increase in the sales of our products, and in our revenue during the year.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 31.4% from RMB847.1 million in 2024 to RMB1,113.3 million in 2025. Our gross profit margin increased from 17.3% in 2024 to 20.3% in 2025, primarily due to our increasing new products, expanded customer bases, increased capacity utilization and our optimized sales structure.

- Our gross profit of transmission and drive components increased by 24.4% from RMB613.7 million in 2024 to RMB763.3 million in 2025, primarily due to the increased business scale coupled with increased gross profit margin. Our gross profit margin of transmission and drive components increased from 21.5% in 2024 to 23.3% in 2025, primarily due to an increase in the gross profit margin of our transmission components and new energy power systems business, resulting from our continuous product portfolio optimization, coupled with our continuous cost control measures.

- Our gross profit of interior and exterior accessories increased by 16.7% from RMB224.2 million in 2024 to RMB261.7 million in 2025, primarily due to the increased revenue coupled with increased gross profit margin. Our gross profit margin of interior and exterior accessories increased from 12.7% in 2024 to 13.4% in 2025, primarily due to the optimization of product portfolio which elevated the proportion of high profit margin business, coupled with our continuous cost control measures.

- Our gross profit of others significantly increased from RMB3.0 million in 2024 to RMB82.4 million in 2025, primarily due to the further decrease in sales of gearbox products with negative gross profit margin. Our gross profit margin of others increased from 1.0% in 2024 to 31.7% in 2025, primarily due to substantial elimination of the adverse impact from the gearbox business.

Other income

Our other income decreased from RMB89.3 million in 2024 to RMB60.7 million in 2025, primarily due to the decrease in government grants received, which was in line with the relevant grant policies and arrangements.

Selling and distribution expenses

Our selling and distribution expenses increased by 31.3% from RMB32.8 million in 2024 to RMB43.0 million in 2025, primarily due to an increase in business development expenses and an increase in employee salary to better incentivize our sales personnel, which were generally in line with our business growth.

Administrative expenses

Our administrative expenses increased by 16.6% from RMB318.5 million in 2024 to RMB371.2 million in 2025, primarily due to (i) an increase in share-based compensation expenses to better incentivize our staff and (ii) an increase in employee salary as our team expanded, generally in line with our business expansion.

Research and development costs

Our research and development costs increased by 30.7% from RMB168.5 million in 2024 to RMB220.3 million in 2025, primarily due to (i) an increase in share-based compensation expenses to better incentivize our R&D personnel, (ii) an increase in employee salary as our R&D team expanded, and (iii) an increase in material consumption in R&D projects, generally in line with our business expansion.

Expected credit losses (provided)/reversed on financial instruments

We recorded expected credit losses on financial instruments of RMB1.1 million in 2024 and expected losses reversal of RMB3.9 million in 2025. The change was linked to the impairment of trade and other receivables.

Provision for impairment losses

Our provision for impairment losses decreased from RMB32.6 million in 2024 to nil in 2025, primarily as impairment losses on major gearbox production equipment had already been provided in prior years and no additional material impairment was recognized in 2025.

Other net gain

Our other net gain decreased from RMB157.4 million in 2024 to RMB28.5 million in 2025, primarily as we recognized performance compensation income of RMB165.5 million in 2024 resulting from the acquisition of Shuanglin Investment.

Finance costs

Our finance costs decreased by 35.9% from RMB31.7 million in 2024 to RMB20.3 million in 2025, primarily due to our proactive debt repayment when sufficient liquidity was available, coupled with a consistent downward trend in market interest rates in recent years.

Income tax

Our income tax increased significantly from RMB11.0 million in 2024 to RMB48.3 million in 2025, primarily due to our increased profits.

Profit for the year

As a result of the foregoing, we recorded profit for the year of RMB497.6 million in 2024 and RMB503.2 million in 2025.

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

Revenue

Our revenue increased by 18.6% from RMB4,138.8 million in 2023 to RMB4,910.5 million in 2024.

Revenue from the sales of transmission and drive components. Our revenue from the sales of transmission and drive components increased by 24.9% from RMB2,279.7 million in 2023 to RMB2,847.8 million in 2024, primarily attributable to the increase of sales of transmission components of RMB59.7 million and new energy power systems of RMB403.5 million. The increase in sales was due to the increased orders from OEMs of EVs and Tier-1 suppliers, resulting from the booming market of EVs in China.

Revenue from the sales of interior and exterior accessories. Our revenue from the sales of interior and exterior accessories increased by 12.4% from RMB1,569.5 million in 2023 to RMB1,763.5 million in 2024, primarily attributable to the increase in sales volume to OEMs of EVs and Tier-1 suppliers.

Revenue from the sales of others. Our revenue from the sales of others increased by 3.1% from RMB282.7 million in 2023 to RMB291.6 million in 2024, primarily driven by increase in our sales of molds, which was partially offset by the decrease in sales of gearbox products.

Cost of sales

Our cost of sales increased by 17.6% from RMB3,455.3 million in 2023 to RMB4,063.4 million in 2024, which was generally in line with the increase in the sales of our products, and in our revenue during the year.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 23.9% from RMB683.5 million in 2023 to RMB847.1 million in 2024. Our gross profit margin increased from 16.5% in 2023 to 17.3% in 2024, primarily due to our increasing new products, expanded customer bases, and our optimized sales structure.

- Our gross profit of transmission and drive components increased by 18.4% from RMB518.2 million in 2023 to RMB613.7 million in 2024, primarily due to the increased business scale coupled with increased gross profit margin. Our gross profit margin of transmission and drive components decreased from 22.7% in 2023 to 21.5% in 2024, primarily due to a decline in the gross profit margin of our hub bearing business, which represents a significant portion of our revenue.

- Our gross profit of interior and exterior accessories increased significantly by 51.7% from RMB147.8 million in 2023 to RMB224.2 million in 2024, primarily due to the increased revenue coupled with increased gross profit margin. Our gross profit margin of interior and exterior accessories increased from 9.4% in 2023 to 12.7% in 2024, primarily due to the increase in utilization of production capacity and optimization of product portfolio.

- Our gross profit of others decreased by 75.5% from RMB12.1 million in 2023 to RMB3.0 million in 2024, primarily due to the negative profit margin from sales of gearbox products resulting from our strategic adjustment in our gearbox business. Our gross profit margin of others decreased from 4.3% in 2023 to 1.0% in 2024, primarily impacted by our gearbox business.

Other income

Our other income increased from RMB62.3 million in 2023 to RMB89.3 million in 2024, primarily due to the increase in amortisation of government grants received in previous year relating to long-term assets.

Selling and distribution expenses

Our selling and distribution expenses decreased by 7.4% from RMB35.4 million in 2023 to RMB32.8 million in 2024, primarily due to optimization in our overseas sales strategies.

Administrative expenses

Our administrative expenses increased by 6.5% from RMB298.9 million in 2023 to RMB318.5 million in 2024, primarily due to an increase in share-based compensation expenses.

Research and development costs

Our research and development costs decreased slightly from RMB175.0 million in 2023 to RMB168.5 million in 2024, primarily due to our strategic decrease in investments in gearbox business and the decrease in material consumption in R&D projects.

Expected credit losses on financial instruments

We recorded expected credit losses on financial instruments of RMB7.5 million in 2023 and RMB1.1 million in 2024. The decrease was linked to the impairment of trade and other receivables.

Provision for impairment losses

Our provision for impairment losses decreased from RMB69.8 million in 2023 to RMB32.6 million in 2024, primarily due to a decrease in impairment losses recognized for gearbox production equipment, as impairment losses on major gearbox production equipment had been provided in prior years.

Other net gain/(loss)

We recorded other net loss of RMB5.9 million in 2023 and other net gain of RMB157.4 million in 2024, primarily due to the recognition of performance compensation income of RMB165.5 million resulting from the acquisition of Shuanglin Investment.

Finance costs

Our finance costs decreased by 32.2% from RMB46.8 million in 2023 to RMB31.7 million in 2024, primarily due to our proactive debt repayment when sufficient liquidity was available, coupled with a consistent downward trend in market interest rates in recent years.

Income tax

Our income tax decreased by 55.0% from RMB24.5 million in 2023 to RMB11.0 million in 2024, primarily due to the utilization of previously unrecognized tax losses, as well as the recognition of deferred tax assets on unused tax losses, following improved profitability at certain of our subsidiaries.

Profit for the year

As a result of the foregoing, we recorded profit for the year of RMB81.9 million in 2023 and RMB497.6 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Non-current Liabilities

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets:			
Investment properties	45,309	40,361	38,917
Property, plant and equipment	1,756,596	1,795,313	2,084,485
Right-of-use assets	405,143	349,767	344,227
Intangible assets	30,311	23,656	34,569
Goodwill	–	–	115,309
Prepayments and other assets	48,915	51,204	75,563
Deferred tax assets	34,313	49,131	51,787
	2,320,587	**2,309,432**	**2,744,857**
Non-current liabilities:			
Bank loans	134,654	100,089	–
Trade and other payables	1,225	1,193	20,397
Lease liabilities	65,450	4,466	10,315
Deferred income	158,212	135,516	150,378
Provisions	58,687	71,452	16,374
Deferred tax liabilities	28,178	30,421	33,538
	446,406	**343,137**	**231,002**

Investment properties

Our investment properties primarily consisted of (i) plant and buildings, (ii) land use rights, and (iii) freehold land. The following table sets forth a breakdown of our investment properties as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Plant and buildings	19,464	14,383	12,733
Land use rights	5,856	5,691	6,347
Freehold land	19,989	20,287	19,837
Total	**45,309**	**40,361**	**38,917**

The decrease of our investment properties from RMB45.3 million as of December 31, 2023 to RMB40.4 million as of December 31, 2024 was primarily due to changing part of its properties from rental use to self-use, resulting in a decrease of investment properties. Our investment properties slightly decreased to RMB38.9 million as of December 31, 2025, primarily due to depreciation.

Property, Plant and Equipment

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Plant and buildings	622,896	673,539	659,483
Machinery and equipment	846,260	847,948	972,720
Motor vehicles	9,341	3,973	4,161
Electronic equipment and others	150,481	146,917	190,380
Freehold land	31,201	30,549	93,385
Construction in progress	96,417	92,387	164,356
Total	**1,756,596**	**1,795,313**	**2,084,485**

Our property, plant and equipment remained relatively stable at RMB1,756.6 million and RMB1,795.3 million as of December 31, 2024. Our property, plant and equipment further increased to RMB2,084.5 million as of December 31, 2025, primarily due to the increased investments in our production lines in Thailand and China.

Right-of-Use Assets

Our right-of-use assets primarily included the lease contracts for (i) plant and buildings, and (ii) land use rights. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Plant and buildings	73,336	11,735	19,408
Land use rights	331,807	338,032	324,819
Total	**405,143**	**349,767**	**344,227**

We lease properties for our own use, and these lease liabilities were measured at net present value of the lease payments to be paid during the lease terms. Our right-of-use assets decreased from RMB405.1 million as of December 31, 2023 to RMB349.8 million as of December 31, 2024, primarily due to the termination of the lease of certain factory buildings and land by our subsidiary, and slightly decreased to RMB344.2 million as at December 31, 2025 due to depreciation of right-of-use assets.

Intangible Assets

Our intangible assets primarily consisted of (i) patents, and (ii) software. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Patents	12,477	9,742	18,400
Software	17,834	13,914	16,169
Total	**30,311**	**23,656**	**34,569**

Our intangible assets decreased from RMB30.3 million as of December 31, 2023 to RMB23.7 million as of December 31, 2024, primarily due to the amortization of our intangible assets. Our intangible assets increased to RMB34.6 million as of December 31, 2025, primarily due to the patent rights acquired from Wuxi Kezhixin.

Goodwill

Our goodwill arises from the acquisition from Wuxi Kezhixin. Our goodwill remained stable at nil as of December 31, 2023 and 2024, and then increased to RMB115.3 million as of December 31, 2025, primarily due to the acquisition of Wuxi Kezhixin in January 2025.

Prepayments and other assets

Below sets forth a breakdown of our prepayments and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Long-term deferred expenses	31,827	23,290	31,747
Prepayments for long-term assets	17,088	27,914	43,816
Non-current	**48,915**	**51,204**	**75,563**
Prepayments for [**REDACTED**]	–	–	[**REDACTED**]
Purchase prepayments	33,215	17,024	34,871
Contract costs and others	7,946	9,128	13,105
Less: Impairment losses of prepayment and other assets	–	–	(607)
Current	**41,161**	**26,152**	**65,328**
Total	**90,076**	**77,356**	**140,891**

The non-current portion of our prepayments and other assets increased from RMB48.9 million as of December 31, 2023 to RMB51.2 million as of December 31, 2024, then significantly increased to RMB75.6 million as of December 31, 2025, primarily due to our business expansion leading to acquisition of equipment and higher prepayments thereunder.

The current portion of our prepayments and other assets decreased from RMB41.2 million as of December 31, 2023 to RMB26.2 million as of December 31, 2024, primarily due to the decrease in our prepayments for steel materials resulting from our strategic decision to de-stock inventory in response to the continuing decline in steel market prices, and significantly increased to RMB65.3 million as of December 31, 2025, primarily due to the prepayments for R&D projects as well as prepayments for [**REDACTED**].

Deferred tax assets

Our deferred tax assets increased from RMB34.3 million as of December 31, 2023 to RMB49.1 million as of December 31, 2024, primarily due to the recognition of previously unrecognized tax losses, following management's assessment that these tax losses are likely to be utilized in the near future. Our deferred tax assets increased to RMB51.8 million as of December 31, 2025, primarily due to the recognition of deferred tax assets arising from share-based payment expenses and government grants.

Current Assets and Current Liabilities

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets:				
Assets held for sale	818	–	–	–
Inventories	1,015,785	1,008,534	998,763	1,029,676
Trade and other receivables	1,269,130	1,476,286	1,433,261	1,336,345
Prepayments and other assets	41,161	26,152	65,328	47,532
Financial assets measured at fair value through other comprehensive income ("**FVOCI**")	829,414	817,451	1,046,087	1,007,942
Financial assets measured at fair value through profit or loss ("**FVPL**")	–	10,876	–	–
Restricted cash	131,532	110,483	127,632	139,026
Bank deposits with original maturity over three months	–	–	44,994	47,035
Cash and cash equivalents	346,268	511,444	561,915	356,215
Total current assets	**3,634,108**	**3,961,226**	**4,277,980**	**3,963,771**
Current liabilities:				
Trade and other payables	2,222,440	2,474,902	2,709,067	2,492,916
Contract liabilities	55,044	37,900	49,314	48,139
Bank loans	1,017,621	763,203	764,521	679,475
Lease liabilities	7,911	6,988	9,254	8,861
Current taxation	1,339	1,868	1,899	2,771
Provisions	–	–	31,481	27,983
Total current liabilities	**3,304,355**	**3,284,861**	**3,565,536**	**3,260,145**
Net current assets	**329,753**	**676,365**	**712,444**	**703,626**

Our net current assets increased from RMB329.8 million as of December 31, 2023 to RMB676.4 million as of December 31, 2024, primarily attributable to (i) an increase in cash and cash equivalents of RMB165.2 million, (ii) an increase in trade and other receivables of RMB207.2 million, and (iii) a decrease in bank loans of RMB254.4 million, partially offset by an increase in trade and other payables of RMB252.5 million.

Our net current assets increased from RMB676.4 million as of December 31, 2024 to RMB712.4 million as of December 31, 2025, primarily attributable to (i) an increase in financial assets measured at FVOCI of RMB228.6 million, (ii) an increase in cash and cash equivalents of RMB50.5 million, and (iii) an increase in bank deposits with original maturity over three months of RMB45.0 million, partially offset by (i) an increase in trade and other payables of RMB234.2 million, and (ii) a decrease in trade and other receivables of RMB43.0 million.

Our net current assets slightly decreased from RMB712.4 million as of December 31, 2025 to RMB703.6 million as of January 31, 2026, primarily attributable to (i) a decrease in cash and cash equivalent of RMB205.7 million, and (ii) a decrease in trade and other receivables of RMB96.9 million, partially offset by (i) a decrease in trade and other payables of RMB216.2 million, and (ii) a decrease in bank loans of RMB85.0 million.

Inventories

Our inventories primarily consisted of raw materials, work in progress and finished goods. The following table sets for the details of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	134,804	106,539	129,494
Work in progress	210,728	270,277	256,221
Finished goods	670,253	631,718	613,048
Total	**1,015,785**	**1,008,534**	**998,763**

Our inventories remained stable at RMB1,015.8 million as of December 31, 2023, RMB1,008.5 million as of December 31, 2024, and RMB998.8 million as of December 31, 2025. The following table sets forth a summary on the aging analysis of inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross amount			
Within 1 year	864,105	934,401	923,791
Over 1 year	268,679	180,423	156,862
Less: Impairment of inventories	(116,999)	(106,290)	(81,890)
Total	**1,015,785**	**1,008,534**	**998,763**

We calculate inventory turnover days using the average of the beginning and ending balances of total inventories for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period, which is 360 days for each year. Our inventory turnover days decreased from 114 days in 2023 to 100 days in 2024, and further to 90 days in 2025, primarily due to higher sales volumes, which accelerated inventory turnover.

As of January 31, 2026, RMB324.0 million, or 30.0%, of our inventories as of December 31, 2025 had been subsequently utilized and/or sold. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our inventories and sufficient provisions have been made.

Trade and Other Receivables

Our trade and other receivables mainly represent (i) trade receivables, and (ii) bills receivables. Below sets forth our trade and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Third parties	1,272,049	1,474,153	1,393,105
– Related parties	2,682	1,017	11,304
Less: Loss allowance of trade receivables	(48,632)	(48,072)	(45,681)
Bills receivable, carried at amortised cost	–	12,118	14,784
Trade and bills receivables measured at amortised cost	1,226,099	1,439,216	1,373,512
Value-added tax recoverable	30,486	10,734	27,852
Tax prepayments	8,521	5,625	24,468
Deposits	17,451	32,623	20,951
Others			
– Third parties	7,372	10,711	7,725
– Related parties	22,046	18,756	–
Less: Loss allowance of deposits and other receivables	(42,845)	(41,379)	(21,247)
	43,031	37,070	59,749
Total trade and bills receivables	**1,269,130**	**1,476,286**	**1,433,261**

Our trade and other receivables increased from RMB1,269.1 million as of December 31, 2023 to RMB1,476.3 million as of December 31, 2024, primarily due to sales growth and customer base expansion. Our trade and other receivables decreased to RMB1,433.3 million as of December 31, 2025, primarily due to collection of outstanding receivables from prior years.

We generally grant credit terms of approximately three months to our customers. Below sets forth the aging analysis of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,238,132	1,453,677	1,380,975
Over 1 year	36,599	33,611	38,218
Less: Loss allowance	(48,632)	(48,072)	(45,681)
	1,226,099	**1,439,216**	**1,373,512**

We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period, which is 360 days for each year. Our trade receivables turnover days remained relatively stable at 105 days in 2023, 101 days in 2024, and 95 days in 2025.

As of January 31, 2026, RMB416.7 million, or 29.7%, of our trade receivables as of December 31, 2025 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our trade receivables and sufficient provisions have been made.

Financial Assets at Fair Value through Other Comprehensive Income ("FVTOCI")

Our financial assets at FVTOCI remained relatively stable at RMB829.4 million as of December 31, 2023 and RMB817.5 million as of December 31, 2024, primarily due to our proactive discounting of bills receivable in light of favorable discount rates. Our financial assets at FVTOCI increased to RMB1,046.1 million as of December 31, 2025, primarily due to an increase in bills receivables received following our business expansion.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Our financial assets at FVTPL increased from nil as of December 31, 2023 to RMB10.9 million as of December 31, 2024, and decreased to nil as of December 31, 2025, primarily due to our purchase of wealth management products in 2024 which was matured in 2025. Such investment in the financial assets at FVTPL shall be subject to compliance with Chapter 14 of the Listing Rules upon [**REDACTED**].

Our treasury team possesses specialized expertise focused on "low-risk, high-liquidity" asset classes. We make investment decisions case-by-case after thoroughly considering a number of factors, including but not limited to the macroeconomic environment, general market conditions, the investment risk management, sources of investment, and the expected profit or potential loss of the investment. To monitor and control the potential risks associated with our investment portfolio, we have established comprehensive internal control procedures. A multi-tiered approval process has been implemented, requiring authorization from the head of treasury, the supervising officer of the securities department, the financial director, and ultimately the chairman of our Board. Our financial department is responsible for analyzing, evaluating, and determining investment plans in accordance with our cash management policies and internal approval procedure, operating under the authorization of our Board and the supervision of the chief financial officer. Furthermore, a robust risk monitoring system is in place, which includes setting risk warning thresholds and implementing timely stop-loss mechanisms. The financial department shall, on a monthly basis, prepare and submit to senior management detailed investment reports, including a schedule of investments and a report on fair value changes.

Restricted Cash

Our restricted cash were mainly margin deposits to guarantee our obligations under bills issuance. Our restricted cash decreased from RMB131.5 million as of December 31, 2023 to RMB110.5 million as of December 31, 2024, primarily due to a reduction in the bills payments. Our restricted cash increased to RMB127.6 million as of December 31, 2025, primarily due to the strategic shift towards using cash for bills driven by cost efficiency.

Cash and Cash Equivalent

Our cash and cash equivalents increased from RMB346.3 million as of December 31, 2023 to RMB511.4 million as of December 31, 2024, and further increased to RMB561.9 million as of December 31, 2025, primarily due to cash inflows from operating activities as a result of increased gross profit.

Trade and Other Payables

Our trade and other payables primarily represented trade payables, bills payables, accrued payroll and other benefits, and other tax, charges payable and accruals. Below sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	1,166,405	1,602,279	1,614,657
– Related parties	484	72	4
Bills payables	891,463	671,270	692,745
	2,058,352	2,273,621	2,307,406
[**REDACTED**] payables	–	–	[**REDACTED**]
Accrued expenses and other payables	54,806	89,675	55,376
Financial liabilities measured at amortized costs	2,113,158	2,363,296	2,363,133
Contingent consideration payable	–	–	27,000
Less: contingent consideration payable due after one year	–	–	(18,900)
Financial liabilities measured at FVPL	–	–	8,100
Accrued payroll and other benefits	77,662	81,862	98,103
Other tax, charges payable and accruals	32,845	30,937	241,228
Less: payable due after one year	(1,225)	(1,193)	(1,497)
	109,282	111,606	337,834
Total trade and other payables	**2,222,440**	**2,474,902**	**2,709,067**

Our trade and other payables increased from RMB2,222.4 million as of December 31, 2023 to RMB2,474.9 million as of December 31, 2024, and further increased to RMB2,709.1 million as of December 31, 2025, primarily due to growth of our business scale and increase in our revenue. The following table sets forth the aging analysis of our trade payables and bills payable based on the invoice date as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,029,677	2,241,508	2,263,662
Over 1 year but within 2 years	10,296	14,880	31,560
Over 2 years but within 3 years	3,583	7,807	2,903
Over 3 years	14,796	9,426	9,281
Total	**2,058,352**	**2,273,621**	**2,307,406**

We calculate trade payables turnover days using the average of the beginning and ending balances of total trade payables for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period, which is 360 days for each year. Our trade payables turnover days were 119 days, 123 days, and 132 days in 2023, 2024 and 2025, respectively, remained relatively stable. The increase during the Track Record Period was primarily due to the expansion of our business operations, resulting in higher trade payables, combined with extended credit terms granted by our suppliers owing to our sustained and collaborative partnerships.

As of January 31, 2026, RMB543.0 million, or 33.6%, of our trade payables as of December 31, 2025 had been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our operating activities. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB346.3 million, RMB511.4 million and RMB561.9 million, respectively.

The following table sets forth our cash flows for the years indicated.

	For the Years Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	**377,622**	**701,157**	**781,446**
Net cash used in investing activities	**(205,883)**	**(108,307)**	**(554,353)**
Net cash used in financing activities	**(164,149)**	**(432,088)**	**(176,724)**
Net increase in cash and cash equivalents	7,590	160,762	50,369
Cash and cash equivalents at January 1	333,340	346,268	511,444
Cash and cash equivalents at December 31	**346,268**	**511,444**	**561,915**

Net Cash Generated from Operating Activities

In 2025, we had net cash generated from operating activities of RMB781.4 million, which primarily represents profit before taxation of RMB551.5 million, adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB288.9 million, partially offset by net gains on disposals of property, plant and equipment, intangible assets and right-of-use assets of RMB35.6 million, and (ii) movements in working capital, mainly consisting of an increase in trade and other payables and contract liabilities of RMB58.7 million, partially offset by (x) an increase in trade and other receivables and prepayments and other assets of RMB182.6 million, and (y) income tax paid of RMB68.0 million.

In 2024, we had net cash generated from operating activities of RMB701.2 million, which primarily represents profit before taxation of RMB508.6 million, adjusted by (i) non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB293.4 million, partially offset by performance compensation income of RMB165.5 million, and (ii) movements in working capital, mainly consisting of an increase in trade and other payables and contract liabilities of RMB23.6 million, partially offset by (x) an increase in trade and other receivables and prepayments and other assets of RMB154.4 million, and (y) income tax paid of RMB20.0 million.

In 2023, we had net cash generated from operating activities of RMB377.6 million, which primarily represents profit before taxation of RMB106.4 million, adjusted by (i) non-cash and non-operating items, which primarily consist of (x) depreciation of property, plant and equipment of RMB329.1 million, and (y) impairment losses of property, plant and equipment of RMB69.8 million, partially offset by (x) net gains on sale of property, plant and equipment of RMB8.4 million, and (y) exchange gains of RMB5.3 million, and (ii) movements in working capital, mainly consisting of an increase in trade and other payables and contract liabilities of RMB148.0 million, partially offset by (x) an increase in trade and other receivables and prepayments and other assets of RMB276.4 million, and (y) income tax paid of RMB23.2 million.

Our trade receivables turnover and inventory turnover also impacted on our cash position and cash conversion cycle given the prolonged period for cash receipt after revenue recognition primarily due to long payment cycles of our customers and our strategic level of finished goods as inventories to support timely customer delivery. We closely monitor the level of our working capital and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

In addition, we have implemented a series of strategic measures to manage our prolonged cash conversion cycle and ensure adequate working capital and improved liquidity. We dynamically adjust production plans based on orders from core customers and continuously optimize inventory management by refining raw material procurement to reduce safety stock levels, while leveraging smart factory management systems to shorten production cycles and implementing a monthly assessment mechanism for slow-moving inventory. In parallel, we conduct rigorous credit assessments for new customers and strengthen client relationships through improved product quality and supply reliability, thereby optimizing receivable payment terms and collection methods. We also dynamically monitor overdue payments and promptly adjust credit limits or suspend shipments for customers exhibiting credit risk. Additionally, we centralize supplier management to optimize payables terms and settlement methods, thereby improving inventory turnover and supply chain efficiency. To mitigate funding mismatch risks and ensure stability, we have established a centralized cash flow buffer pool for treasury operations of our branches and subsidiaries, implemented monthly cash flow forecasting, and instituted advance approval procedures for significant expenditures, enabling flexible funding tactics based on identified gaps and cost-of-capital assessments. We maintain strong relationships with banks and financial institutions to secure and fully utilize available credit facilities, ensuring access to necessary funding.

Net Cash Used in Investing Activities

In 2025, we had net cash used in investing activities of RMB554.4 million, primarily attributable to (i) payments for the purchase of investment properties, property, plant and equipment, right-of-use assets and intangible assets of RMB408.1 million, (ii) payments for purchase of financial assets measured at FVPL and bank deposits with original maturity over three months of RMB93.7 million, and (iii) acquisition of a subsidiary, net of cash acquired of RMB101.3 million, partially offset by proceeds from disposal of property, plant and equipment, right-of-use assets and intangible assets of RMB34.2 million.

In 2024, we had net cash used in investing activities of RMB108.3 million, primarily attributable to payments for the purchase of investment properties, property, plant and equipment, right-of-use assets and intangible assets of RMB296.2 million, partially offset by performance compensation received of RMB162.1 million.

In 2023, we had net cash used in investing activities of RMB205.9 million, primarily attributable to payments for the purchase of investment properties, property, plant and equipment, right-of-use assets and intangible assets of RMB277.4 million, partially offset by (i) proceeds from disposal of financial assets measured at FVPL and bank deposits with original maturity over three months of RMB56.0 million, and (ii) proceeds from disposal of property, plant and equipment, right-of-use assets and intangible assets of RMB45.5 million.

Net Cash Used in Financing Activities

In 2025, we had net cash used in financing activities of RMB176.7 million, primarily attributable to repayments of bank loans of RMB1,080.9 million and dividends paid to equity shareholders of the Company of RMB79.6 million, partially offset by proceeds from bank loans of RMB980.0 million.

In 2024, we had net cash used in financing activities of RMB432.1 million, primarily attributable to repayments of bank loans of RMB1,168.7 million, partially offset by proceeds from bank loans of RMB880.0 million.

In 2023, we had net cash used in financing activities of RMB164.1 million, primarily attributable to repayments of bank loans of RMB1,216.5 million, partially offset by proceeds from bank loans of RMB1,117.0 million.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and January 31, 2026, our indebtedness included bank loans and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of January 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
Bank loans	1,017,621	763,203	764,521	679,475
Lease liabilities	7,911	6,988	9,254	8,861
Non-current				
Bank loans	134,654	100,089	–	–
Lease liabilities	65,450	4,466	10,315	10,005
Total	**1,225,636**	**874,746**	**784,090**	**698,341**

Bank Loans

As of December 31, 2023, 2024, 2025 and January 31, 2026, we had bank loans of RMB1,152.3 million, RMB863.3 million, RMB764.5 million and RMB679.5 million, respectively, which primarily included secured loans, guaranteed loans, pledges loans, and unsecured loans. During the Track Record Period, the interest rate of bank loans with fixed-rate ranged from 2.07% to 4.00%. The interest rate of bank loans with floating-rate was related to PRC Loan-Prime-Rate. See Note 26 of the Accountants' Report in Appendix I to this Document. As of January 31, 2026, our unutilized facilities from financial institutions amounted to RMB2,066.0 million.

Lease Liabilities

Our lease liabilities represented the outstanding lease payments primarily in respect of our leased buildings and properties. Below sets out our lease liabilities as of the dates indicated.

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current portion	7,911	6,988	9,254	8,861
Non-current portion	65,450	4,466	10,315	10,005
Total	**73,361**	**11,454**	**19,569**	**18,866**

Indebtedness Statement

Save as disclosed above, as of December 31, 2023, 2024, 2025 and January 31, 2026, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since January 31, 2026, being the latest practicable date for the purpose of the indebtedness statement, and up to the Latest Practicable Date.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including our cash flow from operating activities, cash and cash equivalents on hand, banking facilities and estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this Document.

CAPITAL COMMITMENTS

Our capital commitments mainly represent authorized but not yet contracted for, and contracted but not yet paid for, acquisition purchases of property, plant and equipment, intangible assets and other long-term assets. As of December 31, 2023, 2024, and 2025, our capital commitment amounted to RMB114.5 million, RMB84.5 million, and RMB251.9 million.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. See Note 36 to the Accountants' Report in Appendix I to this Document. Our Directors believe that these transactions were conducted in the ordinary and usual course of business, and did not distort our results of operations or make our historical results unreflective of our future performance.

KEY FINANCIAL RATIOS

Below sets forth our key financial ratios as of the date or for the years indicated.

	As of / For the Years Ended December 31,		
	2023	2024	2025
Gross profit margin(1)	16.5%	17.3%	20.3%
Gearing ratio(2)	63.0%	57.9%	54.1%
Return on equity(3)	3.8%	20.5%	17.1%
Return on assets(4)	1.4%	8.1%	7.6%

Notes:

(1) Represents gross profit for the period divided by revenue for the same year, expressed as a percentage.

(2) Gearing ratio is calculated based on total liabilities as at the respective dates divided by total assets as at the respective dates and multiplied by 100%.

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

(4) Return on assets is calculated based on profit for the period attributable to owners of our Company divided by the average of opening and closing balances of the total assets and multiplied by 100%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures were used for purchases of intangible assets and fixed assets, amounted to RMB277.4 million, RMB296.2 million and RMB408.1 million as of December 31, 2023, 2024 and 2025, respectively. We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and [**REDACTED**] — [**REDACTED**]." We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities and [**REDACTED**] from the [**REDACTED**].

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including credit, liquidity, interest rate and currency risks. Our overall risk management strategy seeks to minimize potential adverse effects of the aforesaid risks on our financial performance. For details, see Note 34 to the Accountants' Report in Appendix I to this Document.

DIVIDENDS

In 2023, 2024 and 2025, dividend of nil, RMB39.7 million, and RMB79.6 million were declared and paid, respectively. As of the Latest Practicable Date, we had not established a specified dividend pay-out ratio. After completion of the [**REDACTED**], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law, the relevant regulations applicable to our A Shares, and approval by our Shareholders. We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of

Association and the applicable laws and regulations in the PRC and Hong Kong. Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors — Risks Relating to the [**REDACTED**] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future."

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company had retained earnings of RMB1,023.2 million which are available for distribution to our Shareholders.

[REDACTED]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the indicative [**REDACTED**] range), [**REDACTED**] to be borne by us are estimated to be approximately [**REDACTED**] ([**REDACTED**]), comprising: (i) [**REDACTED**] of [**REDACTED**] ([**REDACTED**]); and (ii) [**REDACTED**] expenses of [**REDACTED**] ([**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisors and accountants of [**REDACTED**] ([**REDACTED**]); and (b) other fees and expenses of [**REDACTED**] ([**REDACTED**]), approximately [**REDACTED**] ([**REDACTED**]) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately [**REDACTED**] ([**REDACTED**]) of which is expected to be deducted from equity upon the completion of the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**] of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Save as otherwise disclosed in this Document, our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the years reported on in the Accountants' Report as set out in Appendix I to this Document, and there is no event since December 31, 2025 which would materially affect the information in the Accountants' Report as set out in Appendix I to this Document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET CONSOLIDATED TANGIBLE ASSETS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF OUR COMPANY

For details of our unaudited [**REDACTED**] adjusted consolidated net tangible assets, see Appendix II to this Document.