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Application Proof of

Bethel Automotive Safety Systems Co., Ltd.

蕪湖伯特利汽車安全系統股份有限公司

(the “Company”)

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Bethel Automotive Safety Systems Co., Ltd. 蕪湖伯特利汽車安全系統股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])

Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal value : RMB1.00 per H Share

[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



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The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the consent of our Company, reduce the number of [REDACTED] and/or the indicative [REDACTED] range below that is stated in this document (being HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on the website of our Company at www.btl-auto.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For further details, see “Structure of the [REDACTED]” and “How to Apply for [REDACTED]”.

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The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except that [REDACTED] may be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. It does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in [REDACTED] in the [REDACTED] are set forth in “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this section are defined in “Definitions” and “Glossary of Technical Terms” to Appendices VII and VIII, respectively, in this document.

You should note that the acquisition of Yubei Steering has not been completed as of the Latest Practicable Date. As a result, the historical operating results and financial conditions of our Group in 2023, 2024 and 2025 do not include the information of Yubei Steering. In addition, the consolidated financial information of our Group in 2023, 2024 and 2025 only includes the information of Bethel. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Yubei Steering” for more information on the Acquisition of Yubei Steering. To follow applicable regulations and disclosure requirements and for the purpose of presenting necessary key data to assess the financial impacts of the Acquisition of Yubei Steering, this document includes the audited historical financial information of Yubei Steering in 2023, 2024 and 2025 (see “Accountants’ Report of the Target Group” in Appendix IB) and the discussion and analysis on the historical financial information of Yubei Steering in 2023, 2024 and 2025 (see “Financial Information — Financial Information of Yubei Steering”).

OVERVIEW

Who We Are

We are a leading automotive intelligent chassis system Chinese brand supplier. In 2025, we ranked No. 1 among Chinese brand suppliers by market share in both China’s electronic parking brakes system (“EPB”) and brake-by-wire system (“BbW”) markets, with market shares of 14.2% and 8.6%, respectively, in terms of revenue, according to F&S.

Since our establishment in 2004, we have focused on research and development (“R&D”), manufacturing and providing of automotive intelligent chassis systems. We have built comprehensive in-house R&D capabilities covering core technologies within the entire stack, from braking (“X-axis”), steering (“Y-axis”) and suspension (“Z-axis”) to intelligent driving systems. We possess end-to-end capabilities across independent R&D, system integration and validation and large-scale production. According to F&S, we are one of the few Chinese brand suppliers capable of providing full-stack XYZ-axes chassis solutions with system-level integration capabilities and among the earliest Chinese brand suppliers to achieve large-scale production and platform based deployment of core automotive intelligent chassis technologies. As automotive intelligence and electrification advance, our solutions can effectively support the translation of intelligent driving commands into stable, efficient and responsive chassis motion and control. They serve as the execution foundation for advanced autonomous driving and are critical to ensuring driving safety and ride comfort.

In addition, according to F&S, automotive intelligent chassis systems and embodied robotics share similar core technologies and strong industrial supply chain synergies. Leveraging our accumulated expertise and experience in automotive intelligent chassis systems, we are well positioned to capture opportunities from this convergence. In 2025, we applied proprietary technologies accumulated from

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automotive intelligent chassis system R&D and manufacturing to the promising embodied robotics industry, actively advancing the development capabilities of core components for embodied robotics products, including motors, rolling screws and robotics joint modules.

Our Market Position

We are a pioneer in developing and commercializing core automotive intelligent chassis core technologies in China, underscored by the following market positions. According to F&S, we are (i) the first Chinese brand and the world’s second supplier to mass-produce EPB; (ii) the world’s first supplier to mass-produce dual-control EPB system (“**D-EPB**”); (iii) the first Chinese brand supplier to mass-produce electronic stability control system (“**ESC**”); (iv) the first Chinese brand supplier to launch and mass-produce a One-box BbW; (v) the first Chinese brand supplier to mass-produce a One-box BbW with brake redundancy functionality; (vi) the world’s first supplier to achieve breakthroughs in full-dry electronic mechanical braking (“**EMB**”) technology and mass production; and (vii) the world’s first supplier to obtain the highest safety certificate, namely automotive safety integrity level D (“**ASIL-D**”), for EMB brake-by-wire systems. In 2025, we ranked No. 1 among Chinese brand suppliers by market share in both China’s EPB and BbW markets.

We operate in the highly competitive global automotive intelligent chassis system industry, transitioning towards unified chassis solutions that coordinate longitudinal (X-axis) and lateral (Y-axis) control, with increasing integration of vertical (Z-axis) functions. See “Industry Overview.”

Our Financial Performance

During the Track Record Period, our revenue and profitability continued to grow. In 2023, 2024 and 2025, we recorded revenue of RMB7,195.9 million, RMB9,635.6 million and RMB11,711.7 million, respectively, representing a CAGR of 27.6% from 2023 to 2025. We achieved a profit of RMB910.7 million, RMB1,222.0 million and RMB1,320.7 million in 2023, 2024 and 2025, representing a CAGR of 20.4% from 2023 to 2025.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success and differentiate us from our competitors: (i) leader among Chinese brand automotive intelligent chassis system suppliers; (ii) strategic positioning in high-growth markets with strong growth momentum; (iii) comprehensive product portfolio and solution synergies enhancing customer value and operational efficiency; (iv) agile and efficient services forging strong and sustainable customer loyalty; (v) vertical integration and precision management developing cost and efficiency edge; and (vi) visionary and experienced management team. See “Business — Our Competitive Strengths.”

OUR STRATEGIES

With a global and future-oriented outlook, we have formulated the following development strategies to achieve our mission: (i) deepen innovation and advance commercialization of chassis XYZ-axes systems, building an integrated wire-controlled chassis system; (ii) uphold and advance global expansion; (iii) steadily expand production capacity and upgrade manufacturing processes, leveraging digitalization to empower intelligent manufacturing; (iv) expand into embodied robotics; (v) focused growth in core business with selective investments and integration; and (vi) commitment to ESG and sustainable development. See “Business — Our Strategies.”

OUR PRODUCTS

We are a leading automotive intelligent chassis system Chinese brand supplier. We specialize in R&D, manufacturing and providing mechanical braking products, intelligent electronic control products and mechanical steering products. We focus on providing automotive intelligent chassis system solutions and are committed to achieving an integrated and synergistic business across braking, steering, suspension and intelligent driving systems. As of the Latest Practicable Date, our product

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portfolio mainly includes the following: (i) our mechanical braking products primarily include mechanical disc brakes and calipers and lightweight chassis components; (ii) our intelligent electronic control products primarily include EPB, BbW (comprising WCBS and EMB), EPS, ADAS and ESC; and (iii) our mechanical steering products primarily include mechanical steering columns, mechanical steering intermediate shaft and mechanical steering gears. Our diversified products enable us to supply automotive OEMs with adaptabilities across different vehicle categories and technical configurations. Our main business model involves collaborating with customers to determine technical solutions, followed by a bidding process and conducting customized development and mass production for specific vehicle models and platforms. Leveraging our accumulated technical specialties, we are able to deliver tailored and integrated solutions to each automotive OEM customer. In addition, we are expanding into core components of robotics motion control systems, such as motors, rolling screws and robotics joint modules, benefiting from our technical expertise in precision manufacturing for automotive intelligent chassis system.

RESEARCH AND DEVELOPMENT

Our robust and comprehensive R&D capabilities constitute the cornerstone of our enduring competitive advantage and solidify our industry leadership. Guided by our core strategy of innovation-driven development, we have built an R&D ecosystem featuring a strong central platform, coordinated multi-site innovation and a global presence, which empowers us to achieve continuous breakthroughs across automotive intelligent chassis systems. In particular, we possess synchronous R&D capabilities across our full product portfolio. This allows us to design tailored products for diverse vehicle types and collaborate closely with OEMs throughout R&D processes. As of December 31, 2025, we had approximately 1,535 R&D personnel, accounting for 24.1% of our total workforce. As of December 31, 2025, we and four of our subsidiaries successfully obtained the national high-tech enterprise certification, and we have participated in numerous key national and provincial and ministerial-level scientific research projects.

OUR PRODUCTION

Our comprehensive and advanced production capabilities are the foundation of our business. Leveraging our sophisticated manufacturing technologies and large-scale production capabilities, we deliver consistent high-quality products and response to evolving market demands flexibly and efficiently. We have a full-cycle manufacturing capabilities covering entire production process, including casting, machining and assembly. Through a well-structured division of labor, specialized production and refined operational management, we have formed cost control advantages. We place strong emphasis on the application of automated production equipment and production information systems. Since 2016, we have established our automated caliper production lines and are committed to continuously enhancing our automation and digitalization levels. In addition, we possess independent manufacturing process design capabilities and achieve vertical control over production processes. Such abilities allows us to continuously optimize product performance and efficiency. Our robust management capabilities in raw material procurement, inventory management, logistics and supply chain enable us to accelerate delivery, reduce costs and enhance overall efficiency.

CUSTOMERS AND SUPPLIERS

We have established a broad and growing global customer base. Our customers mainly include leading domestic and international automobile manufacturers. In 2023, 2024 and 2025, revenue generated from our five largest customers in each year during the Track Record Period accounted for 72.9%, 76.0% and 74.4% of our total revenue, respectively; and revenue generated from our largest customer in each year during the Track Record Period accounted for 38.7%, 45.1% and 39.0% of our total revenue, respectively.

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During the Track Record Period, our major suppliers primarily comprised providers of key raw materials, such as (i) metal raw materials, including aluminum ingots and cast iron; (ii) basic mechanical components; and (iii) electronic materials. In 2023, 2024 and 2025, our purchases from our five largest suppliers in each year during the Track Record Period accounted for 29.2%, 28.9% and 23.0% of our total purchases, respectively; and our purchases from our largest supplier in each year during the Track Record Period accounted for 8.4%, 6.7% and 5.6% of our total purchases, respectively.

RISK FACTORS

There are certain risks and uncertainties involved in [REDACTED] in our H Shares, some of which are beyond our control. See “Risk Factors.” Some of the major risks we face include: (i) our businesses are dependent on the development of the automotive industry. Adverse changes in automotive sales, production and market demand can materially and adversely affect our business, financial condition and results of operations; (ii) we operate in a highly competitive industry, and we may be unable to continually maintain our leading role in the market; (iii) we are exposed to customer concentration risk; (iv) our OEM customers are not obligated to meet projected purchase volumes at expected prices, and actual orders may fall short of expectations; (v) our business, operating results and financial condition may be adversely affected by continuing pricing pressures and cost-reduction initiatives in the automotive industry; (vi) if we do not successfully adapt our products to ongoing changes and technological advancements in the automotive industry, our business, financial condition and results of operations could be materially and adversely affected; and (vii) we face risks associated with the international sale of our products and our international operations. If we are unable to effectively manage these risks, our results of operation, financial conditions, business and prospects may be materially and adversely affected.

SUMMARY OF KEY FINANCIAL INFORMATION

The summary historical financial information set forth below should be read in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2023, 2024 and 2025 included in the Accountants’ Report set out in Appendix IA to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards issued by International Accounting Standards Board and accounting principles generally accepted in Hong Kong.

Summary of Consolidated Statements of Profit or Loss of Our Group

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Revenue	7,195,851	100.0	9,635,551	100.0	11,711,707	100.0
Cost of sales	(5,820,901)	(80.9)	(7,861,800)	(81.6)	(9,649,539)	(82.4)
Gross profit	1,374,950	19.1	1,773,751	18.4	2,062,168	17.6
Other income	375,444	5.2	528,442	5.5	444,425	3.8
Other (losses) and gains, net . .	(4,147)	(0.1)	44,220	0.5	21,565	0.2
Research and development expenses	(449,781)	(6.3)	(575,517)	(6.0)	(605,497)	(5.2)
General and administrative expenses	(178,455)	(2.5)	(239,724)	(2.5)	(306,452)	(2.6)
Selling expenses	(32,230)	(0.4)	(39,889)	(0.4)	(60,295)	(0.5)
Net impairment losses (recognized)/reversed on financial assets	(38,762)	(0.5)	(85,805)	(0.9)	8,915	0.1
Finance costs	(30,061)	(0.4)	(10,150)	(0.1)	(35,705)	(0.3)
Profit before income tax . . .	1,016,958	14.1	1,395,328	14.5	1,529,124	13.1
Income tax expenses	(106,259)	(1.4)	(173,331)	(1.8)	(208,447)	(1.8)
Profit for the year	910,699	12.7	1,221,997	12.7	1,320,677	11.3

SUMMARY

Revenue of Our Group

The following table sets forth a breakdown of our revenue by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Mechanical braking products . .	3,348,526	46.5	4,427,473	45.9	5,144,981	43.9
Intelligent electronic control products	3,276,860	45.5	4,507,786	46.8	5,826,441	49.7
Mechanical steering products . .	480,634	6.7	556,507	5.8	570,912	4.9
Others ⁽¹⁾	89,831	1.3	143,785	1.5	169,373	1.5
Total	7,195,851	100.0	9,635,551	100.0	11,711,707	100.0

(1) Others mainly included spare parts and molds.

The table below sets forth a breakdown of our revenue by geographical location for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Chinese Mainland	6,321,695	87.9	8,519,344	88.4	10,261,304	87.6
Other countries/regions	874,156	12.1	1,116,207	11.6	1,450,403	12.4
Total	7,195,851	100.0	9,635,551	100.0	11,711,707	100.0

Cost of Sales for Our Group

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Cost of materials	4,719,670	81.1	6,618,023	84.2	7,952,141	82.4
Direct labor	386,623	6.6	511,525	6.5	702,048	7.3
Manufacturing costs	576,055	9.9	528,170	6.7	737,161	7.6
Others ⁽¹⁾	138,553	2.4	204,082	2.6	258,189	2.7
Total	5,820,901	100.0	7,861,800	100.0	9,649,539	100.0

(1) Others mainly included logistic fees, warranty costs, warehousing fees and packaging fees.

SUMMARY

Gross Profit and Gross Profit Margin of Our Group

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	GP	GPM	GP	GPM	GP	GPM
	<i>(RMB in thousands, except for GPM in percentages)</i>					
Mechanical braking products . .	680,219	20.3	800,329	18.1	791,287	15.4
Intelligent electronic control products	612,681	18.7	860,606	19.1	1,160,831	19.9
Mechanical steering products . .	55,104	11.5	60,943	11.0	52,618	9.2
Others ⁽¹⁾	26,946	30.0	51,873	36.1	57,432	33.9
Overall/Total	1,374,950	19.1	1,773,751	18.4	2,062,168	17.6

(1) Others mainly included spare parts and molds.

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

	Year ended December 31,					
	2023		2024		2025	
	GP	GPM	GP	GPM	GP	GPM
	<i>(RMB in thousands, except for GPM in percentages)</i>					
Chinese Mainland	1,061,698	16.8	1,404,135	16.5	1,747,851	17.0
Other countries/regions	313,252	35.8	369,616	33.1	314,317	21.7
Overall/Total	1,374,950	19.1	1,773,751	18.4	2,062,168	17.6

Summary of Consolidated Statements of Financial Position of Our Group

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current assets	3,028,359	3,530,723	4,288,469
Current assets	7,718,390	9,255,314	12,987,213
Non-current liabilities	459,992	520,267	3,073,428
Current liabilities	4,232,949	5,325,506	5,787,534
Net assets	6,053,808	6,940,264	8,414,720

Summary of Consolidated Statements of Cash Flows of Our Group

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows generated from operating activities	678,331	1,057,721	866,962
Net cash flows used in investing activities . .	(841,430)	(706,217)	(3,756,410)
Net cash flows generated from/(used in) financing activities	162,073	(515,518)	2,596,065
Net decrease in cash and cash equivalents .	(1,026)	(164,014)	(293,383)
Cash and cash equivalents at beginning of year	2,163,749	2,169,879	2,005,420
Effect of foreign exchange rate changes, net .	7,156	(445)	(5,389)
Cash and cash equivalents at end of year . .	2,169,879	2,005,420	1,706,648

SUMMARY

Summary of Financial Information of Yubei Steering

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Revenue	3,028,834	100.0	2,974,505	100.0	3,138,997	100.0
Cost of sales	(2,790,427)	(92.1)	(2,691,964)	(90.5)	(2,766,598)	(88.1)
Gross profit	238,407	7.9	282,541	9.5	372,399	11.9
Other income	57,905	1.9	75,479	2.5	54,706	1.7
Other (losses) and gains, net . .	(3,762)	(0.1)	88	0.0	(3,672)	(0.1)
Research and development expenses	(81,437)	(2.7)	(79,832)	(2.7)	(125,966)	(4.0)
General and administrative expenses	(99,504)	(3.3)	(107,564)	(3.6)	(117,327)	(3.8)
Selling expenses	(65,640)	(2.2)	(65,126)	(2.2)	(76,626)	(2.4)
Net impairment losses recognized on financial assets	(8,966)	(0.3)	(18,470)	(0.6)	(37)	(0.0)
Finance costs	(6,793)	(0.2)	(6,774)	(0.2)	(7,969)	(0.3)
Share of results of associates and joint ventures, net	55,259	1.8	58,233	2.0	59,700	1.9
Profit before income tax	85,469	2.8	138,575	4.7	155,208	4.9
Income tax credit/(expense) . . .	4,525	0.2	(4,313)	(0.2)	1,744	0.1
Profit for the year	<u>89,994</u>	<u>3.0</u>	<u>134,262</u>	<u>4.5</u>	<u>156,952</u>	<u>5.0</u>

KEY FINANCIAL RATIOS OF OUR GROUP

The table below sets forth the key financial ratios as of the dates or for the periods indicated:

	As of/For the Year ended December 31,		
	2023	2024	2025
Return on equity (%) ⁽¹⁾	17.1	18.8	17.2
Return on total assets (%) ⁽¹⁾	9.4	10.4	8.8
Current ratio (<i>times</i>) ⁽¹⁾	1.8	1.7	2.2
Quick ratio (<i>times</i>) ⁽¹⁾	1.6	1.5	1.9
Gearing ratio (%) ⁽¹⁾	43.7	45.7	51.3

(1) See “Financial Information — Key Financial Ratios” for the calculation methodology.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Since April 27, 2018, our A Shares have been listed on the Shanghai Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisors advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by

SUMMARY

PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause it to cast doubt on our Directors’ confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Chairman Yuan was interested in approximately 23.07% of our A Shares, comprising (i) approximately 18.24% of our A Shares directly held by Chairman Yuan, and (ii) approximately 4.83% of our A Shares held by Bethel Investment Management, where Shanghai Henglu (a company wholly owned by Ms. Pan, the spouse of Chairman Yuan) acted as its executive partner and held approximately 6.70% partnership interest in it. Accordingly, Chairman Yuan, Bethel Investment Management, Shanghai Henglu and Ms. Pan constitute our Single Largest Group of Shareholders. For background and biographical details of Chairman Yuan, see “Directors and Senior Management — Executive Directors”.

Immediately following completion the [REDACTED], our Single Largest Group of Shareholders will in aggregate hold approximately [REDACTED]% of our Shares (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming the [REDACTED] is not exercised and there are no other changes made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]). Accordingly, upon [REDACTED], they will remain as our Single Largest Group of Shareholders.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are issued and sold in the [REDACTED], (ii) the [REDACTED] is not exercised, and (iii) [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED]:

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Market capitalization of our H Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

(1) The calculation of market capitalization is based on (i) [REDACTED] H Shares expected to be issued pursuant to the [REDACTED], assuming the [REDACTED] is not exercised; and (ii) 897,639,587 A Shares in issue based on the closing price of our A Shares as of Latest Practicable Date of RMB32.86 (equivalent to approximately HK\$37.59) per A Share, representing in aggregate [REDACTED] Shares expected to be in issue immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised.

(2) The unaudited [REDACTED] adjusted consolidated net tangible assets per share is arrived at after the adjustment referred to in “Appendix II Unaudited [REDACTED] Financial Information.”

DIVIDENDS

In 2023, 2024 and 2025, dividends of RMB139.6 million, RMB147.3 million and RMB211.6 million were declared and paid, respectively. We declared and paid dividends for 2025 totalling RMB230.5 million as of Latest Practicable Date. See note 17 of the Accountants’ Report in Appendix IA to this document. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Any future

SUMMARY

determination of dividends distribution, as well as the amount will be made at the discretion of our Board of Directors which will be subject to the corporate shareholder approval processes and may be based on a number of factors, including but not limited to our future operations and earnings, capital requirements and surplus, cash flows and general financial condition, contractual restrictions, taxation and other factors from time to time that the Board of Directors may deem relevant, and will also be subject to our Articles of Association and constitutional documents, as well as applicable laws and regulations. We shall distribute cash dividends once per financial year, provided that (i) the applicable conditions for cash dividend distribution are fulfilled; and (ii) there are no material investment plans or significant capital expenditure arrangements. In general, the total distributed cash dividends for three consecutive years shall no less than 30% of the average annual distributable profits in the consolidated financial statements over those three years. Interim dividends may also be distributed at discretion of our Board when circumstances permit. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED], and assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range as stated in this document). In line with our strategies, we intend to use the net [REDACTED] from the [REDACTED] for the following purposes: (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to enhance our R&D capabilities in automotive intelligent chassis systems, including braking, steering and suspension, and, by leveraging our core technological expertise, expand our product portfolio in emerging business sectors including embodied robotics; (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to invest in our domestic production capacity expansion to meet rapidly growing demand in the automotive intelligent chassis systems and establish capabilities in emerging business sectors; (iii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used to expand our global manufacturing footprint and enhance localized service capabilities to respond more efficiently to overseas customer needs and support international expansion; and (iv) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], will be used for working capital and other general corporate purposes. See “Future Plans and Use of [REDACTED].”

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Key Operating and Financial Data

We are a public company listed on the Shanghai Stock Exchange and we released our first quarterly report, containing our unaudited consolidated financial statements as of and for the three months ended March 31, 2026 prepared under PRC GAAP.

The sales volume of our mechanical braking products in the three months ended March 31, 2026 reached 5,219,178 units. The sales volume of our intelligent electronic control products and mechanical steering products in the three months ended March 31, 2026 reached 1,657,598 sets and 807,731 sets, representing a 13.4% and 11.2% increase as compared to the same period in 2025, respectively. For the three months ended March 31, 2026, we secured 138 new design wins, representing a 15.0% increase as compared to the same period in 2025. During the same period, we had 21 design wins progressed to the mass production stage. Our financial performance remained relatively stable for the three months ended March 31, 2026. However, our historical operating and quarterly consolidated financial results may not be indicative of any of our future performance.

SUMMARY

Acquisition of Yubei Steering

On February 25, 2026, our Company entered into a share transfer agreement with the existing shareholders of Yubei Steering System (Xinxiang) Co., Ltd.* (豫北轉向系統(新鄉)股份有限公司) (“Yubei Steering”), all being Independent Third Parties, pursuant to which each of them conditionally agreed to transfer and our Company conditionally agreed to acquire 30.4365%, 15.0817%, 3.6364% and 1.8182% equity interest in Yubei Steering, respectively (the “Acquisition”). Pursuant to the supplemental agreement entered into by the parties on April 28, 2026, the considerations were RMB669,602,185, RMB331,797,815, RMB80,000,000 and RMB40,000,000, respectively, which will be settled in cash. As of the Latest Practicable Date, the Acquisition has not been completed. Upon completion, Yubei Steering will be owned as to 50.9727% by our Company and become a non-wholly-owned subsidiary of our Group.

Yubei Steering is a Tier 1 automotive components supplier primarily engaged in the R&D, production and sales of automotive steering systems and key components. Its principal products, including EPS, hydraulic power steering systems and steering system components, demonstrate strong synergies with our current automotive steering products in terms of technology, market coverage and scale. The Acquisition is expected to integrate the complementary technological strengths and resources of Yubei Steering and us, further enhancing and expanding our product portfolio in the automotive safety systems sector, and strengthen our customer service capabilities and overall competitiveness. As of the Latest Practicable Date, Yubei Steering operated six manufacturing facilities located in Henan, Hubei and Jiangsu provinces as set out in “Business — Our Production — Production Facilities.” The Acquisition is in line with our development strategy and in the interests of us and its shareholders as a whole. The Acquisition constitutes a major acquisition for our Group subsequent to the Track Record Period. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Yubei Steering.”

The following table summarizes the results of operations of Yubei Steering during the Track Record Period. See “Financial Information — Financial Information of Yubei Steering.”

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	3,028,834	2,974,505	3,138,997
Cost of sales	(2,790,427)	(2,691,964)	(2,766,598)
Gross profit	238,407	282,541	372,399
Profit before income tax	85,469	138,575	155,208
Profit for the year	89,994	134,262	156,952

During the Track Record Period and as of the Latest Practicable Date, there were no pending or threatened litigation or other proceedings concerning Yubei Steering that we believe would materially adversely affect the proposed Acquisition as of the Latest Practicable Date. As advised by our PRC Legal Advisors, during the Track Record Period, Yubei Steering was not subject to any material administrative penalties for non-compliance with applicable PRC laws and regulations in China and, as of the Latest Practicable Date, had obtained all necessary material licenses, approvals and permits from the relevant regulatory authorities in respect of its operations in the PRC.

SUMMARY

No Material Adverse Change

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 IA 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 IA to this document.

SUMMARY OF PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP WITH YUBEI STEERING

The following table presents assets, liabilities and equity of the enlarged group with Yubei Steering based on the audited consolidated statement of financial position of our Group and Yubei Steering as of December 31, 2025 as set out in Appendix IA and IB to the document. The unaudited pro forma consolidated statement of assets and liabilities of the enlarged group with Yubei Steering has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of the enlarged group as of December 31, 2025, or any future date. See Appendix II to this document.

	As of December 31, 2025
	<i>(RMB in thousands)</i>
	<i>(Unaudited)</i>
Non-current assets	6,548,786
Current assets	15,408,458
Non-current liabilities	4,265,006
Current liabilities	8,388,645
Net current assets	7,019,813
Net assets	9,303,593

[REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range stated in this document), the [REDACTED] which are payable by us are estimated to amount in aggregate to be approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. The total [REDACTED] consist of (i) approximately HK\$[REDACTED] [REDACTED] (including [REDACTED], [REDACTED], SFC transaction levy, Stock Exchange trading fee, and AFRC transaction levy) and (ii) approximately HK\$[REDACTED] non-[REDACTED] fees mainly comprising (a) fees paid to legal adviser(s) and accountant(s) of approximately HK\$[REDACTED], and (b) other fees and expenses and fees paid to other professional parties of approximately HK\$[REDACTED]. Among the total [REDACTED], approximately RMB[REDACTED] (HK\$[REDACTED]) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] (HK\$[REDACTED]) of which is expected to be deducted from equity upon the completion of the [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document includes forward-looking statements. These forward-looking statements are based on the beliefs of our management as well as assumptions made by and information currently available to our management. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “can,” “might,” “potential,” “forecast,” “project,” “going forward,” “continue,” “ought to,” “projection,” “potential,” “vision,” “goals,” “aspire,” “objective,” “target,” “schedules” and “outlook” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following: (i) our ability to successfully implement our business plans and strategies and achieve our stated objectives and goals; (ii) future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand, including changes in the competitive environment; (iii) general political and economic conditions of jurisdictions in which we operate; (iv) our business operations and prospects and our future business development, financial condition and results of operations; (v) our capital expenditure plans and sources of funding; (vi) weather, natural disasters and climate change; (vii) the actions and developments of our competitors; (viii) our financial condition and performance and margins; (ix) capital market developments and exchange rate fluctuations; (x) our dividend policy; (xi) any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans, and our ability to remain in compliance with applicable laws and regulations; (xii) our ability to develop new products or services, enhance existing offerings and bring them to market in a timely manner; (xiii) our ability to maintain, protect and enhance our intellectual property and proprietary rights; and (xiv) various business opportunities that we may pursue and all other risks and uncertainties described in “Risk Factors.”

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such expectations may later be found to be incorrect, and our actual results could be materially different from and worse than what we expect. As such, readers are cautioned not to place undue reliance on such statements. Any forward-looking statement speaks only as of the date of this document, and except as required under the Hong Kong Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Statements of intentions are made as of the date of this document and may change in light of future developments. All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An [REDACTED] in our H Shares involves significant risk. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to [REDACTED] our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our businesses are dependent on the development of the automotive industry. Adverse changes in automotive sales, production and market demand can materially and adversely affect our business, financial condition and results of operations.

Our ability to drive business growth depends heavily on automotive sales and production by OEMs, which is in turn driven by consumer demand for automobiles. The automotive industry, including automotive sales and production, is cyclical and sensitive to general economic conditions, including global credit markets, interest rates, consumer credit, consumer spending and preferences, labor relations or safety management issues, technological innovation, fuel prices, regulatory requirements, government initiatives and subsidies, trade agreements, tariffs and other non-tariff trade barriers, availability and cost of credit and other factors. Adverse changes in any of these factors may lead our OEM customers to reduce vehicle production, which could materially and adversely affect our sales, business, financial condition and results of operations.

Our success therefore depends not only on our own ability but also on our customers’ ability to develop and manufacture products in a timely and cost-efficient manner to address evolving customer preferences, regulatory standards and technological advancements. Any failure by our customers to do so could reduce demand for, and sales of, our products and adversely affect our business, results of operations, revenue and profitability.

We operate in a highly competitive industry, and we may be unable to continually maintain our leading role in the market.

Our business development depends on our ability to respond effectively to the heightened competition from well-established competitors within the automotive component industry.

We believe that our ability to compete effectively depends on multiple factors, some beyond our control, including the performance, reliability and technology advancement of product and service offerings, cost efficiency, product quality, brand reputation, regulatory requirements, sales and service network coverage, supply chain stability and the ability to rapidly respond to evolving and diverse customer demand. We compete with major automotive components manufacturers both in the PRC and overseas. Such competitors may have longer operating history, greater financial resources, more advanced technological and operational capabilities, broader customer bases or stronger customer relationships. The accumulated advantages may enable them to respond more quickly and effectively to new opportunities, technological developments, regulatory changes or shifts in customer demand.

RISK FACTORS

In addition, despite high entry barriers to the automotive component industry, there can be no assurance that we will not face competition from new entrants, who may adopt more aggressive pricing policies and devote substantially more resources to product development and technology. Such heightened competition from competitors may intensify pricing pressure and erode our profit margins, which could adversely affect our business, financial condition and results of operations. We may not be able to compete effectively, and competitive pressures may have a material adverse effect on our business, prospects, financial condition and results of operations.

We are exposed to customer concentration risk.

Our customers primarily consist of OEMs that purchase our products for deployment on their vehicle models. During the Track Record Period, we had a high concentration of customers and our revenue generated from our five largest customers were RMB5,246.5 million, RMB7,319.0 million and RMB8,715.0 million, representing 72.9%, 76.0% and 74.4% of our total revenue in 2023, 2024 and 2025, respectively. See “Business — Customers.” In particular, we derived a high proportion of our total revenue from transactions with Chery Holding Group Co., Ltd. (“**Chery Group**”) as our largest customer in 2023 and 2024, and Chery Automobile Co., Ltd. (“**Chery**”), as our largest customer in 2025. We recorded revenue from transactions with Chery Group of RMB2,783.0 million and RMB4,348.9 million in 2023 and 2024 and with Chery of RMB4,572.1 million in 2025, accounting for 38.7%, 45.1% and 39.0% of our total revenue in 2023, 2024 and 2025, respectively. The connected transactions between us and Chery were conducted in the ordinary course of our business operations. The terms of such transactions are fair and reasonable and determined on an arm’s length basis. These transactions do not prejudice the interests of our Company or our shareholders. See “Continuing Connected Transactions.”

The high concentration of our customers resulted from the highly concentrated downstream automotive industry. According to F&S, the top ten automotive manufacturers in terms of sales volume in 2025 represented over 80% of the total market share in terms of sales volume in the domestic market in 2025. During the Track Record Period, we have sold our products to, and established long-term cooperation relationships with, nine of China’s top ten automotive manufacturers and eight of the world’s top ten automotive manufacturers in terms of sales volume in 2025. Despite being an industry norm, the high customer concentration exposes our financial condition, results of operations and future success to risks arising from any deterioration in our business relationships with these customers, or to declining market acceptance or financial performance of the vehicles delivered by our key automotive OEM customers to the market. In the event that the existing major customers reduce or cease to purchase our products and we are unable to find new customers with similar levels of demand at comparable terms within a reasonable period of time or at all, our business, financial condition and results of operations may be materially and adversely affected.

In addition, our business depends on our ability to retain key customers, negotiate favorable contractual terms, and attract new customers on comparable terms, if at all. There can be no assurance that our customers will continue or maintain the same level of cooperation with us. If we fail in any of these respects, our business, financial condition, and results of operations could be materially and adversely affected. Moreover, our customers may reduce their purchases, delay orders, discontinue the use of our products, switch to competitors, or otherwise change their purchasing behavior, any of which could have a material adverse effect on our business, financial condition and results of operations.

RISK FACTORS

Our OEM customers are not obligated to meet projected purchase volumes at expected prices, and actual orders may fall short of expectations.

After obtaining design wins from certain OEMs, we develop customized products for deployment on specific vehicle models of our OEM customers. We typically enter into agreements with such customers that set out key commercial terms, including product specifications, pricing and warranty arrangements. However, such agreements generally do not commit OEM customers to fixed purchase quantities at specific prices. Instead, OEMs usually provide non-binding forecasts of expected production volumes for the relevant vehicle models, which are subject to change and may differ materially from initial estimates. Accordingly, design wins do not necessarily translate into actual orders or revenue.

In addition, our products that have secured design wins may still be subject to further validation, testing, engineering modifications and qualification processes before they can be incorporated into the final vehicle design and enter mass production. There can be no assurance that our product development efforts will ultimately meet automotive OEM customers’ technical, cost, quality or timing requirements, or that the relevant vehicle programs will proceed to commercial production as originally planned. As a result, even if we obtain design wins from OEM customers, there is no guarantee that the relevant vehicle programs will be successfully commercialized, that our products will be supplied in the expected quantities, or that the sales performance of our products will meet our forecasts or expectations. If any of the foregoing were to occur, our business, financial condition and results of operations could be materially and adversely affected.

Furthermore, any shortfall in actual orders or downward adjustments in pricing may require us to reconfigure our production lines, leading to financial costs, time delays and other adverse operational impacts. In particular, if actual orders fall short of expectations, we may be unable to reduce or destock excess inventory in a timely manner, or at all, which could result in inventory buildup, higher storage costs and potential inventory obsolescence. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

Our business, operating results and financial condition may be adversely affected by continuing pricing pressures and cost-reduction initiatives in the automotive industry.

We design, develop and manufacture complex and quality automotive intelligent chassis system and primarily supply to automotive OEMs. In recent years, the automotive industry in China has launched cost-reduction initiatives, which have passed price pressure down to automotive component manufacturers. As a result, OEMs are highly price sensitive and generally require systematic price reduction from their suppliers, according to F&S. Substantially all of our contracts with OEM customers are subject to an annual price reduction clause, which allows our customers to request lower prices for a specified period of time or over the product lifecycle. The price reduction rates are either specified in the initial contract or negotiated annually, which may affect our profit margins. As our business is capital intensive and requires us to maintain a large, fixed cost base, our profitability is dependent, in part, on our ability to spread fixed costs over sales volume. However, we may not be able to spread such fixed costs effectively as our customers generally negotiate lower prices as the volume of their orders increases. In addition, our customers expect the price will decrease during the contract term, which is in line with industry norms. If we are unable to offset customer price reductions through improved operating efficiency, profitable new or upgraded products, enhanced manufacturing processes, increased raw material sourcing alternatives and other cost reduction initiatives, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

If we do not successfully adapt our products to ongoing changes and technological advancements in the automotive industry, our business, financial condition and results of operations could be materially and adversely affected.

The automotive industry is characterized by rapid technological iteration and continuous product innovation, which constantly reshapes market demand and customer expectations. To maintain our competitiveness and industry leadership, we must actively capture such evolving market demands. We sell our products for integration into OEMs’ vehicle models, and our performance depends significantly on market acceptance of these products. There can be no assurance that our products will achieve or maintain market acceptance as the automotive industry continues to evolve, or that they will gain broad market recognition. If our products fail to effectively address industry developments, our pricing position and profit margins may be eroded, and our business, financial condition and results of operations could be materially and adversely affected.

Our business, operating results and financial condition may be adversely affected if we fail to mitigate or hedge against rising costs of raw materials used in our products.

Our business operations are exposed to fluctuations in the cost of raw materials, which constitute a substantial portion of our total cost of sales. In 2023, 2024 and 2025, cost of materials accounted for 81.1%, 84.2% and 82.4% of our total cost of sales, respectively, mainly comprising aluminum ingots and cast iron. As a result, any substantial increase in the price of such raw materials may directly increase our cost of sales and adversely affect our gross profit and gross profit margin, especially if we are unable to pass such cost increases onto our automotive OEM customers considering their strong bargaining power and negotiation position, or ensure continued supply from our suppliers at reasonable prices. Availability, quality and lead times of key raw materials may also be affected by global or regional shortages, unexpected supply disruptions, environmental protection measures or changes in the regulatory environment affecting mining and processing activities. As we continue to expand our product portfolio to meet evolving downstream manufacturing needs, the challenges associated with raw material sourcing and cost management may increase. Any sustained increase in procurement costs could materially and adversely affect our financial condition, results of operations and competitive position.

We face risks associated with the international sale of our products and our international operations. If we are unable to effectively manage these risks, our results of operation, financial conditions, business and prospects may be materially and adversely affected.

During the Track Record Period, our overseas revenue was RMB874.2 million, RMB1,116.2 million and RMB1,450.4 million in 2023, 2024 and 2025, respectively, accounting for 12.1%, 11.6% and 12.4% of our total revenue in the same years. As of the Latest Practicable Date, we sold our products to over 50 countries and regions. Compared to operations in China, our home market, conducting our business internationally, particularly in markets and countries in which we have limited prior experience, subjects us to additional risks and challenges, including: (i) limited brand recognition; (ii) difficulties in maintaining operational efficiency and cost control, including challenges arising from distance, language and cultural differences, and in managing and monitoring overseas operations or hiring and retaining qualified personnel on commercially reasonable terms, or at all; (iii) compliance with multiple and potentially conflicting laws and regulations governing various aspects of our operations, including competition, pricing, operation, transportation, logistics, tariffs, trade protection, labor-related matters and other activities important to our business; (iv) competition with existing players in the automotive component industry; (v) exposure to business cultures where improper business practices may be prevalent; (vi) challenges in managing, expanding and staffing international operations, in particular manufacturing facilities and research centers; (vii) impact of import and export

RISK FACTORS

restrictions and changes in tariff and trade regulations; (viii) risks associated with legal systems subject to undue influence or corruption; (ix) vulnerability to changes in specific country’s or region’s political, social or economic conditions; and (x) changes in geopolitical dynamics, including pandemic, war and terrorism.

Our ability to maintain and expand our presence in the international market will be critical to the success of our business. However, there is no guarantee that we will be able to do so, and any of the aforementioned risks could pose significant challenges for us. If we are unable to manage one or more of these risks adequately, our results of operations, financial condition, business and prospects may be materially and adversely affected.

Our strategic acquisitions or investments may not be successful, or achieve their intended objectives.

Historically, we engaged in acquisitions and other strategic investments. For example, (i) we acquired 45% equity interest in Zhejiang Wanda Steering Gear Co., Ltd. in May 2022; and (ii) we entered into a share purchase agreement and a supplemental agreement with the existing shareholders of Yubei Steering on February 25, 2026 and April 28, 2026, respectively, which were expected to complete our strategic layout of the automotive steering system which will further enrich our product portfolio and expand our revenue streams and market size. In particular, following the expected completion of the acquisition of Yubei Steering, we will leverage product synergies between our independently developed products and Yubei Steering’s offerings to establish full-scale mass production capabilities for column EPS (“C-EPS”), DP-EPS and rack EPS (“R-EPS”). See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Yubei Steering.” We may continue to engage in, acquisitions and other strategic investments to enhance our manufacturing capacity, broaden our product offerings, enter new markets, obtain new technologies or realize business synergies. However, there can be no assurance that these efforts will be successful or that they will generate expected synergies, strategic advantages or financial returns.

Our acquisition and investment activities involve various risks, including difficulties in integrating the operations of acquired companies or investees into our business; delays in achieving, or reductions in, anticipated synergies; adverse effects from factors beyond our control, such as changes in regulatory requirements, technological developments or economic conditions; potential increases in indebtedness that may limit operational flexibility; exposure to unforeseen or contingent liabilities requiring significant financial resources; challenges in training, motivating, integrating and retaining personnel of acquired entities or investees; diversion of management attention away from existing operations; exposure to regulatory or administrative actions arising from such acquisition and investment activities; and unexpected write-offs, charges, or impairments of goodwill.

If we are unable to effectively manage or mitigate any of these risks, our business, financial condition, and results of operations could be materially and adversely affected.

We may not be successful in implementing our business plans and strategies effectively, which could materially and adversely affect our business, financial condition and results of operations.

Our business plans and strategies rely on assumptions about future developments that carry inherent risks and uncertainties and may prove inaccurate. If these assumptions are incorrect, the commercial viability of our plans and strategies could be adversely affected. As a result, there is no assurance that they will be implemented on schedule, successfully, or at all.

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If we fail to execute our business plans and strategies, including overseas expansion, product development and commercialization of our pipeline offerings such as embodied robotics products or disposal of product category, effectively and efficiently, we may be unable to expand our operations, manage growth, capture expected market opportunities or maintain our competitive position. Even if successfully implemented, factors beyond our control, such as regulatory changes, shortages of skilled talent or shifts in customer demand, may prevent us from achieving our intended or profitable results. In addition, execution may increase operating costs, including higher personnel expenses, depreciation of manufacturing equipment and facilities and cash outflows. Consequently, if our plans and strategies do not deliver the desired outcomes, we may have difficulty recovering our costs, which could materially and adversely affect our business, financial condition and results of operations.

Trade restrictions such as trade barriers and trade protection measures could materially and adversely affect our business, financial condition and results of operations.

Our business operations and financial performance are subject to various international trade policies and trade protection measures. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based companies, notably through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the “**BIS**”). During the Track Record Period, we have procured and incorporated into our products certain components manufactured in the U.S. We have also utilized certain U.S.-branded software in our product development and manufacturing process. However, such components and software should not subject our products to restrictions under U.S. export controls.

Moreover, since 2025, the U.S. government imposed a number of new or enhanced tariff measures on products of all countries, including new tariffs on automobiles and automobile parts, as well as enhanced tariffs on steel and aluminum derivative products. Notwithstanding these tariffs, our exports to the United States have remained steady in relative terms and increased in absolute terms throughout the Track Record Period. The impact of U.S. tariffs on us has been mitigated by the fact that U.S. and foreign automakers directly import our products and thus bearing the tariff costs, as well as our establishment and utilization of a wholly-owned production site in Mexico.

However, the aforementioned trade restrictions are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control. We cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Such trade regulations could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products and solutions. In addition, because trade restriction measures evolve over time, new requirements or restrictions could come into effect which may increase scrutiny on our business or result in our business activities being deemed to violate sanctions. Non-compliance with or violations of such international trade policies, trade protection measures and export controls could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition and results of operations.

We are subject to credit risk associated with our trade and notes receivables.

We recorded aggregate trade and notes receivables of RMB2,646.1 million, RMB4,135.7 million and RMB3,908.6 million as of December 31, 2023, 2024 and 2025, respectively. Our trade receivable turnover days were 122.4 days, 123.6 days and 123.5 days in 2023, 2024 and 2025, respectively. Our notes receivables turnover days were 7.9 days, 17.6 days and 13.4 days, respectively, during the same

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periods. There is no assurance that all such amounts due to us will be settled in a timely manner, and we therefore face credit risk associated with these balances. If our business partners or related parties delay or default on their payments, we may have to make provision for impairment, write off the relevant receivables and/or incur legal costs to enforce our rights. During the Track Record Period, our net impairment losses recognized or reversed on financial assets represented expected credit losses or reversal of the expected credit loss on our trade and notes receivables. In 2023 and 2024, we recorded net impairment losses recognized on financial assets of RMB38.8 million and RMB85.8 million, respectively. In 2025, we recorded net impairment losses reversed on financial assets of RMB8.9 million. Our business, financial condition and results of operations may be materially and adversely affected if a significant portion of our trade and bills receivables are not settled on time, or at all.

Our business is subject to seasonal fluctuations.

Our revenue, cash flows and operating results are subject to seasonal fluctuations in demand for our products, largely reflecting the cyclical nature of the automotive industry. In particular, as our OEM customers typically increase production toward year end to align with their annual sales targets and support new model launches, our revenue has historically been higher in the fourth quarter. We expect this seasonal pattern to continue, and accordingly, our operating results for any given period may not be indicative of future performance. In addition, periods of peak demand may strain our existing production capacity, supply chain and labor resources, potentially limiting our ability to satisfy customer requirements in a timely and cost-efficient manner. Such constraints could result in delivery delays, higher production costs, lost sales opportunities and reduced customer satisfaction. If seasonality within the automotive industry becomes more pronounced, our revenue, cash flow and results of operations could fluctuate materially from period to period.

Undetected defects of our products could adversely affect our business, financial condition and results of operations.

The majority of our products are sold to OEM customers for integration into specific vehicle models. These products are technologically advanced and complex and must comply with stringent technical standards, which may make certain defects difficult to identify and remedy. Any actual or perceived defect in our products could undermine customer confidence and cause significant losses to our OEM customers. Our quality control systems and procedures may not be sufficient to fully prevent product failures, which could result in reduced revenue, higher costs and order delays, cancellations or rescheduling. Efforts to identify and resolve product issues may not always be timely or meet customer expectations and could disrupt our manufacturing operations, requiring us to dedicate additional resources to address such issues.

Product defects or performance issues may also give rise to customer complaints, product liability claims or litigation, including claims brought by OEM customers, end users or other third parties, which could expose us to substantial liabilities and damages. We may face warranty and product-related liability claims if our quality control measures prove inadequate, our products fail to perform as intended, or actual or alleged defects result in personal injury, death, property damage, or other losses. Our warranty costs in 2023, 2024 and 2025 amounted to RMB51.3 million, RMB64.2 million and RMB73.7 million, respectively.

In addition, deficiencies in our product design or manufacturing processes, or those of our suppliers, as well as substandard product performance, could lead to product recalls. There can be no assurance that we will not incur significant losses, expenses, or defense costs in connection with product liability or recall events, or that such claims will be covered by insurance. To the extent product liability claims arise from defects in components or parts supplied by third parties, enforcing

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our contractual or legal rights against such suppliers may be complex and time-consuming. Any product liability claims exceeding our insurance coverage could therefore materially and adversely affect our business, financial condition and results of operations.

All the above-mentioned events, including negative customer experiences, may result in negative publicity that could damage our brand and reputation, regardless of the merits or outcome of the claims, and reduce customer preference for our products, and our brand, reputation, business, financial condition and results of operations could be materially and adversely affected.

The expansion and enhancement of our manufacturing facilities may be subject to delays, disruptions and cost overruns or may not produce expected benefits.

We intend to expand and upgrade our manufacturing facilities in China and overseas to support the anticipated growth in demand for our braking, steering, and suspension products, as well as to commercialize and scale up the production of key components and joint modules for embodied robotics. These initiatives require substantial capital investment and may result in higher ongoing operating expenses, including increased depreciation and amortization, utilities, maintenance and administrative costs, particularly during the early stages of operation when facility utilization may be below optimal levels. Our overseas expansion efforts may also give rise to higher personnel and administrative expenses as we establish and maintain localized management, compliance and support functions.

The construction and development of these facilities may be subject to delays or other challenges. Any failure to complete such expansions on a timely basis or within budget could negatively affect our financial condition, production capabilities and operating performance. In addition, integrating new manufacturing facilities into our existing operations presents significant logistical and operational complexities, including the need to recruit and train qualified personnel, build dependable supply chains and implement robust quality control systems. Shortcomings in any of these areas could lead to operational inefficiencies, production disruptions, or reduced product quality. Furthermore, increased manufacturing capacity may not deliver the expected economic returns if demand for products produced at these new facilities does not meet our projections. In such circumstances, excess capacity could increase operating costs and adversely affect profitability.

Any production delays, interruption or incident may have a material and adverse impact on our business, financial condition and results of operations.

We conduct our manufacturing activities at our production facilities and intend to continuously adjust our manufacturing capacity in response to market demand while enhancing productivity. Our manufacturing operations require effective coordination across multiple functions, including raw material procurement, inventory management, internal production processes, logistics and sales activities. We may encounter challenges in coordinating these activities, which could result in operational downtime or delays.

Our manufacturing activities may be disrupted or halted by adverse weather conditions, natural disasters, or other unforeseen catastrophic events, such as power outages, water shortages, storms, fires, earthquakes, terrorist activities or armed conflicts. Any such events could significantly impair our ability to manufacture products and conduct our business. In addition, machinery and equipment located at our facilities may be difficult to replace and could require substantial lead time, and inventory stored at our facilities could be damaged or destroyed. Any production disruption or incident could therefore have a material adverse effect on our business. Even temporary manufacturing stoppages or delays in product delivery may negatively affect our business, financial condition and results of operations.

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Furthermore, accidents resulting in personal injury or fatalities may occur at our manufacturing facilities. Such incidents could lead to property or equipment damage, environmental harm, production or delivery delays, suspension of operations and the imposition of legal liabilities. These incidents may also give rise to litigation, the outcome and potential financial impact of which are uncertain, and the costs associated with defending such claims may be substantial. Consequently, expenses incurred in connection with litigation, potential liabilities arising from accidents or related claims, and any associated adverse publicity could materially and adversely affect our business, financial condition, and results of operations.

Our business development relies on effective supplier management.

We rely on multiple third party suppliers to provide certain key raw materials and components used in our production. See “Business — Suppliers.” Suppliers may fail to deliver on a timely basis due to capacity limitations, operational disruptions, delivery constraints, compliance issues or other factors. Any disruption to the supply of adequate materials from our suppliers to meet our needs could impair our ability to manufacture products as scheduled, in which case we would then have to source the raw materials from alternative suppliers, which may affect the quality and stability of our products as well as our profitability. The global expansion and presence of our business also require us to procure certain components from overseas suppliers. Any instability in geopolitical relations or the imposition of export control may affect the cost, pricing or even the feasibility to procure imported materials. Failure to secure a sufficient and high-quality supply of raw materials for our operations at a reasonable cost may have a material and adverse impact on our business, results of operations and financial condition.

Our business, results of operations and financial condition could be adversely affected if we fail to recruit, retain and incentivize key management and other personnel with special expertise.

Our ability to sustain and grow our business depends on our capability to attract, retain and motivate individuals with appropriate qualifications, expertise and experience, including senior management, technical personnel, professional executives, engineers and sales personnel. Such individuals play a critical role in supporting our R&D activities and facilitating the successful commercialization of our products and solutions. The demand for professionals with special expertise within our industry has intensified, and competition for such talent continues to increase. If we lose any key management or qualified personnel, we may not be able to locate suitable or qualified replacements in a timely manner at reasonable cost, or at all. Our failure to attract and retain key management or qualified personnel and any increase in employee compensation to retain such personnel could have a negative impact on our ability to maintain our competitive position and grow our business and may have a material adverse effect on our business, financial condition and results of operations.

We might experience work stoppage, labor shortage, increase in labor costs and other labor related matters, which may disrupt our normal operation and adversely affect our reputation and results of operations.

We rely on a significant number of employees to support our business and production. We have implemented comprehensive policies and measures to protect the welfare and working conditions of our employees, including offering competitive remuneration packages. See “Business — Employees.” Despite our efforts, we cannot guarantee we will not face any labor-related issues, including labor disputes, strikes or inability to attract and retain qualified personnel, which may lead to work stoppages or labor shortages and impact our ability to meet customer demands and fulfill orders within expected time frames. Furthermore, such labor-related matters could incur additional costs associated with resolving labor disputes, hiring temporary workers, or implementing contingent plans to mitigate the impact of labor shortages. In addition, in the event that the relevant government authorities take the

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view that we are not in compliance with applicable labor laws and regulations in the jurisdictions where we operate, we may be subject to fines and administrative penalties and our results of operation, financial conditions, business and prospects may be adversely affected.

Our business, operating results and financial condition could be adversely affected if we fail to obtain or maintain the requisite licenses and approvals in the jurisdictions where we operate.

The industry in which we operate is highly regulated. In accordance with applicable laws and regulations, we are required to maintain or renew, and do not anticipate any obstacles to maintaining or renewing, necessary approvals, licenses and permits relating to such as land use, operating, civil protection, safety production and sanitation to our business operations in China and overseas. We had obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and effective as of the Latest Practicable Date. See “Business — Licenses, Approvals and Permits.” Nevertheless, there can be no assurance that we will be able to obtain and/or renew all approvals, licenses and permits required for our business operations upon expiration in a timely manner, or at all. If we fail to obtain, maintain or renew any of the required licenses or approvals or make the necessary filings in the jurisdiction where we operate, we may be subject to penalties such as the imposition of fines and discontinuation or restriction of our operations, or reputational risk. Any such penalties may disrupt our business operations and adversely affect our business, results of operations, and financial condition.

Our past performance is not necessarily indicative of future growth, and we may not be able to maintain previous levels of expansion.

Our revenue and net profit consistently increased throughout the Track Record Period. There is no assurance that we will be able to maintain our historical growth rate or revenue levels, or achieve higher margins or profitability in the future. In addition, managing growth on a larger scale will require us to continuously strengthen our corporate governance, organizational structure, internal controls and recruitment, training and retention of skilled personnel to support our innovation pipeline and maintain our competitive edge. These efforts will require significant managerial, financial and human resources. If we fail to allocate resources effectively, implement sustainable business strategies or adapt our operational processes to the increasing complexity of a larger organization, we may experience reduced operational efficiency and increased costs. Any inability to manage our growth effectively could materially and adversely affect our business sustainability, financial condition, results of operations and future prospects.

We may not be able to effectively manage our inventory, which may adversely affect our business, financial condition and results of operations.

Our inventories primarily consist of raw materials, finished goods and work in progress. As of December 31, 2023, 2024 and 2025, our inventories were RMB1,037.1 million, RMB1,420.0 million and RMB1,807.4 million, respectively. Our average inventory turnover days were 63.5 days, 59.7 days and 63.4 days in 2023, 2024 and 2025, respectively. We maintained sufficient levels to ensure our customers’ demand can be met, while avoiding excess inventory. Failure to forecast customer demand or respond to any unexpected event negatively affecting the demand of our services could expose us to inventory obsolescence or result in a decline in inventory value or inventory write-downs. In addition, changes in raw material prices or supply conditions may affect our inventory levels and carrying values. On the other hand, inaccurate sales forecast or supply shortage may lead to inventory shortage and result in our inability to meet customer demand. Failure in managing our inventory could have a material and adverse impact on our business, results of operations and financial condition.

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Our business, operating results and financial condition could be adversely affected if our insurance coverage is insufficient to cover all losses or potential claims by our customers.

We face various risks in connection with our business and as of the Latest Practicable Date, we maintained policies for property insurance and employer liability insurance. See “Business — Insurance.” We provide social security insurance as required by applicable PRC rules and regulation, including general care and work-related injury insurance, for our employees. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Negative publicity regarding our brand, management team, employees or products may harm our reputation, as our business and prospects depend on enhancing and maintaining our brand and reputation.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners, or the market as a whole, may materially and adversely affect our brand image and reputation and cause deterioration in the level of market recognition of, and trust in, the solutions provided by us, resulting in reduced sales volumes and revenue, potential loss of business partners as well as the loss of key personnel. In addition, such negative publicity may come from malicious harassment or unfair competition, which are beyond our control. Such negative publicity may result in the diversion of management’s attention and regulatory investigations or scrutiny, which may have a material and adverse effect on our sustainability, financial condition, results of operations and prospects.

Malfunctions, unexpected system failures, system insufficiency or security breaches may occur in our information technology systems.

Information technology (“IT”) systems are critical to our ability to effectively manage our operations. If we do not allocate sufficient resources to build and sustain proper IT infrastructure, we could be subject to transaction errors, processing inefficiencies, customer service disruptions and loss of customers. Moreover, if our data management systems do not effectively collect, store, process and report relevant data for our business operation, whether due to equipment malfunction or constraints, software deficiencies, system failures, cybersecurity attack or human error, our ability to effectively plan, forecast and execute our business plan and comply with applicable laws and regulations will be impaired. Challenges relating to the building of new IT structures can also lead us to certain errors, inefficiencies, disruptions and loss of customers. Our IT systems and the systems of our third-party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, electrical or telecommunications failures, software program errors, computer viruses, cyber-attacks or hackers, and other security issues or threats that may pose a risk of financial losses, business interruptions, unauthorized use of information, damage to reputation or inadequate data protection.

Cybersecurity attacks are evolving and include malicious software, attempts to gain unauthorized access to data and other breaches that could lead to disruptions in systems, data leakage, corruption or other security incidents. Given the unpredictability of the timing, nature and scope of such disruptions, we could potentially be subject to operational interruption, damage to our image and private data exposure. Any actual or perceived failure to protect personal information or important data may expose us to regulatory investigations, administrative penalties, civil claims or reputational damage. We may also incur significant expenses for implementing additional security measures to protect our IT systems.

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We engage third-party warehousing and logistics service providers to store and deliver our products. Any delivery delays, improper handling or increase in transportation costs may adversely affect our business, financial condition and results of operations.

We lease warehouses and rely on third-party logistics service providers for storage, transportation and on-site delivery, over which we have limited control. See “Business — Logistics and Warehouse.” Any disruption in their services, including capacity shortages, route restrictions, transportation incidents or inefficiencies in cross-regional shipping arrangements, may result in delivery delays or increased logistics costs.

Increases in warehousing or logistics costs, whether due to fuel price fluctuations, supply-chain disruptions, changes in market rates or adjustments in service providers’ pricing policies, may increase our operating costs. Given the competitive pricing environment in certain product categories, we may not be able to fully pass such cost increases on to our customers. If delivery delays, improper warehousing or handling of our products, logistics disruptions or cost fluctuations occur, our ability to fulfill orders on schedule may be impaired, which could adversely affect customer relationships, brand reputation and overall business performance.

Increasing focus on environmental, social and governance matters may impose additional costs on us or expose us to further risks.

There is increasing scrutiny from regulators, investors and consumers regarding ESG practices. Our operations may be subject to stricter environmental standards and waste management requirements, and heightened expectations around social responsibility and corporate governance. ESG considerations are evolving rapidly, and failure to meet these requirements or expectations could result in legal penalties, exclusion from certain markets or investment pools, loss of investor confidence and reputational harm. However, these efforts may not be sufficient to address future regulatory changes or stakeholder demands. Additional investments may be required to upgrade facilities, adopt new technologies or implement enhanced compliance systems, which could increase operating costs and capital expenditure.

Moreover, ESG performance is increasingly linked to access to financing and investor sentiment. Failure to demonstrate progress or transparency in ESG matters could limit our ability to attract capital or participate in certain opportunities. Even allegations of non-compliance or perceived shortcomings, regardless of their accuracy, could damage our reputation and brand image. Given the dynamic nature of ESG standards and the growing emphasis on sustainability, there is no assurance that we will be able to meet all applicable requirements or expectations in a timely and cost-effective manner. Any failure to do so may materially and adversely affect our business, financial condition, and results of operations.

Our business could be adversely affected if we fail to detect or prevent misconduct by our employees or any intentional or negligent fraudulent, illegal or other improper activities by our counterparties.

The quality of our products may be compromised if our employees commit misconduct or fail to adhere to our established internal control standards. Our risk management systems, IT systems and internal control procedures may be unable to sufficiently monitor our operations to identify noncompliance or suspicious transactions promptly, or at all. Furthermore, our counterparties may engage in intentional or negligent fraud or other illegal or improper activities or enter into unauthorized arrangements, which may occur or may have occurred without detection in the course of our commercial transactions. As such, we may be exposed to the risks of undetected misconduct by our employees or fraudulent or other improper activities by our counterparties. For example, fraud or misconduct may include unauthorized business transactions or arrangements, bribery, embezzlement,

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misappropriation of third-party intelligent property and other proprietary rights, unauthorized access to our systems, misuse of data or disputes arising from arrangements by third parties involving our solutions without our knowledge or authorization. We have addressed past incidents of employee misconduct. For example, certain employees may have been involved in bribery-related activities. During the Track Record Period and up to the Latest Practicable Date, there was not any misconduct which had materially and adversely impacted our business operations and financial condition. However, there can be no assurance that we will not experience any such incidents in the future. In any such event, we may become, or be joined as, a defendant in litigation or other administrative or investigative proceedings, or we could incur liability to our customers or any other third parties. These incidents may be difficult to detect or prevent and any such incidents may result in complaints from our customers or third parties that may seriously damage our reputation which would impair our ability to attract or retain customers, or divert management attention, regardless of whether the claims have merit. As such, any such undetected fraudulent or improper incident could expose us to financial losses, legal or regulatory proceedings and disputes that could negatively affect our results of operations.

Our reputation, business, operating results and financial condition could be adversely affected if we are involved in legal proceedings or commercial disputes.

Our business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the forms of private actions, administrative proceedings, regulatory actions or other litigation. The outcome of such proceedings can be difficult to assess or quantify. Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. Any potential legal disputes and proceedings could subject us to additional litigation costs and could negatively affect our results of operations if changes to our business operations are required. There could be negative publicity associated with such disputes or proceedings, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, any significant disputes or proceedings could adversely affect our business sustainability, results of operations, financial condition or reputation.

Failure to comply with property-related laws and regulations regarding certain of our owned or leased properties could adversely affect our business.

We own and lease properties in various locations in the PRC and overseas, primarily for production, office operations and R&D. See “Business — Properties.”

We may encounter difficulties in securing building real estate certificates for our owned properties due to various reasons including outstanding application materials. Such defects may result in increased legal and administrative costs, production delays, or even the inability to use or develop affected properties, impacting our continued use of the affected sites and our overall financial performance.

Any non-renewal of leases, material increase in rental costs or any challenge by third parties or governmental authorities to our leasehold interests may adversely affect our business operations and financial performance. Our leased properties are also subject to fluctuations in the property rental market. There can be no assurance that our existing leases will be renewed on original terms. In addition, there can be no assurance that our existing lease agreements will not be terminated by the lessors prior to their expiry in accordance with applicable laws or contractual provisions. If we are required to relocate our office or production facilities, it may require us to incur additional financial and time costs to identify suitable alternative premises, relocate our office and manufacturing facilities in a timely manner, or secure leases on comparable terms.

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In addition, certain lessors had not provided title certificates of a portion of properties we leased in the PRC as of the Latest Practicable Date. Those leased properties are easily replaceable and do not serve as the primary production and operation sites for us. According to the relevant PRC laws and regulations, our rights as occupant of these properties may be adversely affected due to the absence of the relevant building ownership certificates. We cannot assure you that the landlord of these properties have the right to lease the relevant property to us. As advised by our PRC Legal Advisors, we may not be able to continue to use such property if the ownership or the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate in the future.

As of the Latest Practicable Date, our Company and our major subsidiaries did not complete registration or filing of eight leases in the PRC. Under the Measures for the Administration of Commercial Housing Leases (《商品房屋租賃管理辦法》), parties to a lease agreement are required to register and file the executed lease agreement with the relevant governmental authorities. See “Regulatory Overview – Laws and Regulations Relating to Leasing.” As advised by our PRC Legal Advisors, if the relevant local housing management authorities require us to complete registration within a specified period and we fail to do so, we may be subject to administrative fines of between RMB1,000 and RMB10,000 for each affected property. However, according to the Civil Code of the PRC, the validity of a lease agreement are not affected, notwithstanding the failure to complete registration or filing. As of the Latest Practicable Date, we have not received any rectification notices or been subject to any administrative penalties in relation to such unregistered lease agreements. Nevertheless, there can be no assurance that we will not be subject to challenges, lawsuits or other actions taken against us with respect to the lands or properties owned, used or leased by us for which we or the relevant lessors do not hold valid title certificates or fail to complete relevant registration procedures in the future.

If we fail to protect, or incur significant costs in defending, our intellectual property, trade secrets and other proprietary rights, our business, financial condition and results of operations could be adversely affected.

Our intellectual property rights are key to our competitiveness. See “Business — Intellectual Property.” We continue to seek to protect our intellectual property and proprietary knowledge by applying for patents, trademarks and other forms of intellectual property rights. However, we cannot guarantee that we will be successful in obtaining such intellectual property rights in a timely manner or at all. We also use contractual arrangements and trade secret protection clauses with employees and business partners to protect our intellectual property and proprietary rights. Nevertheless, contractual arrangements afford only limited protection, and the actions we take to protect our intellectual property and proprietary rights may not be adequate. If we fail to effectively protect our intellectual property, our business, financial condition and results of operations could be adversely affected.

In addition, there can be no assurance that we can prevent third parties from infringing upon our intellectual property rights. Unauthorized use of our intellectual property, unfair competition, defamation or other violations of our rights by our employees and/or third parties may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may adversely affect our business. We have been and may, from time to time, be required to initiate litigation, arbitration or other proceedings to enforce our intellectual property rights, which may be time-consuming and expensive to resolve and could divert our management attention, regardless of the outcome, and adversely affect our business, financial condition and results of operations.

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Third parties may assert or claim that we are infringing upon their intellectual property and proprietary rights, which could divert our management attention, cause us to incur additional costs and prevent us from selling or using the technology to which such rights relate.

Our success depends on our ability to use and develop our technologies without infringing the intellectual property rights of third parties. We cannot assure that our operations or any aspects of our business do not, and will not, infringe or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties and may therefore be subject to legal proceedings or claims.

Our products and solutions involve complex and cutting-edge technologies. We operate and sell our products in multiple jurisdictions with differing and evolving interpretations of intellectual property laws, as well as varying procedures and standards for granting intellectual property rights. See “Business — Sales and Marketing.” In addition, due to confidentiality rules in certain jurisdictions, we may be unaware of pending patent applications filed by third parties. We cannot guarantee that courts or regulatory authorities will agree with our analyses or conclusions. If we are found to have violated the intellectual property rights of others, we may be subject to liabilities, prohibited from using the relevant intellectual property, required to obtain licenses on unfavorable terms or forced to develop alternative technologies. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected. Intellectual property litigation and related proceedings are often costly and time-consuming and may divert management attention and technical resources. An adverse outcome could result in damages, licensing or royalty obligations, product redesigns or injunctions restricting the manufacture or sale of our products and may cause customers to delay or limit their purchases.

Furthermore, our business operations rely on various third-party software for R&D, operational management and administrative functions. The licenses governing such software are often complex and impose specific restrictions on usage scope, number of users and deployment environments. Our internal controls may not in all cases prevent the inadvertent or unauthorized use of unlicensed or improperly licensed software by our personnel. Failure to obtain sufficient licenses or to comply with applicable license terms could result in legal action by software vendors, including claims for damages, injunctions requiring us to discontinue the use of critical software, liability for legal costs, reputational harm and operational disruption, any of which could materially and adversely affect our business, financial condition and results of operations.

We may not be able to obtain additional financing when desired on favorable terms or at all.

Historically, we have funded our operations through a combination of equity and debt financing, supplemented by cash generated from our business activities. While these sources have supported our needs to date, we anticipate that future requirements relating to ongoing operations, capital expenditures, strategic investments and other funding obligations may necessitate additional financing. There is no assurance that we will be able to obtain new bank loans, renew existing credit facilities or secure equity or debt financing on favorable terms, or at all. Access to financing is subject to numerous factors beyond our control, including prevailing market conditions, fluctuations in interest rates, lender risk appetite, regulatory developments and our own financial performance. During periods of economic uncertainty or tightening credit markets, available funding options may become more limited or more expensive, which may increase our cost of capital and further reduce the likelihood of achieving profitability. Moreover, any issuance of equity securities would dilute the ownership interests of existing shareholders. If we are unable to secure adequate funding on acceptable terms, we may face

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constraints in meeting our working capital needs or pursuing our business development and growth strategies. Such constraints may hinder our ability to develop new products, expand production capacity, upgrade technologies, enter new markets or respond effectively to competition.

Discontinuation of any of preferential tax treatment that we and our subsidiaries currently enjoy or imposition of any additional taxes and surcharges may affect our business, results of operations and financial condition.

Our Company was recognized as a High and New Technology Enterprise (“HNTe”) and is entitled to a preferential income tax rate of 15% for a valid period of three years. In addition, we and some of our subsidiaries are entitled to other preferential tax treatment. See “Financial Information — Description of Selected Components of Consolidated Statements of Comprehensive Income — Income Tax Expense.” During the Track Record Period, we benefited from the preferential tax treatment, and we recorded income tax expenses of RMB106.3 million, RMB173.3 million and RMB208.4 million in 2023, 2024 and 2025, respectively. We cannot assure that the preferential tax treatments policies in the PRC will remain unchanged and that the preferential tax treatments granted to us will be successfully renewed, and such treatments may be withdrawn or altered by tax authorities in the future. If preferential tax treatments are changed, canceled, or discontinued, or if our preferential status is not renewed or is revoked, we would be subject to the standard PRC corporate income tax rate of 25% on our taxable income. Any increase in our tax liabilities could materially increase our tax obligations and adversely impact our net profit.

In addition, our business is subject to risks associated with the tax laws and regulations of the countries in which we operate, including changes to such laws, regulations or policies, or the imposition of additional taxes, surcharges, or penalties. If any of the foregoing occurs, our business, financial condition and results of operations may be materially and adversely affected.

Force majeure events, such as natural disasters, adverse weather conditions, public health and public security hazards, may severely disrupt our business and operations.

Our operations are vulnerable to interruption and damage from natural disasters and other calamities, such as fires, floods, severe weather conditions, earthquakes, power failures, civil unrest, and acts of terrorism. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophes or extraordinary events were to occur, our ability to operate our business could be seriously impaired, and therefore adversely affect our operations and financial conditions. In addition, our business could be affected by public health epidemics and pandemics, such as the outbreak of Ebola, SARS, avian influenza, H1N1 or COVID-19 virus or other diseases. Even if we are not directly affected, such disaster or disruption could affect the operations or financial conditions of our customers, which could harm our results of operations. If any of our employees is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations and adversely affect our financial condition and results of operations.

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RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

The economic and social conditions in the jurisdictions we operate could affect our business, results of operations, financial conditions and prospects.

The growth of the regional and global economies has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic slowdown will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies. There have been concerns over war, unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate. It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

Regulatory changes may adversely affect our business, operating results and financial condition, thereby leading to impacts on our [REDACTED].

We operate in an industry that is subject to extensive and evolving laws and regulations, including those relating to automotive manufacturing, product quality and safety, environmental protection, taxation, labor management and data security. Regulatory authorities may from time to time introduce new regulations, adjust existing rules, strengthen supervision or modify enforcement practices. These changes may impose additional licensing or filing requirements, increase compliance obligations, or result in more stringent operational standards. If we are required to adjust our operations, upgrade facilities, enhance product testing procedures, modify product features or increase investment in compliance systems to meet new regulatory requirements, our operating costs may increase and our business activities may be disrupted. Any failure to respond to involvement in the regulatory environment in jurisdictions where we operate could materially affect our business and impede our ability to continue our operations. Such impacts may in turn affect the value of our H Shares and the [REDACTED] returns of our [REDACTED].

We are subject to regulations on currency conversion and cross-border transfers, which may limit our ability to utilize our revenues effectively, discharge dividends and other obligations, and impact the value of our H Shares.

Our business may be subject to the regulatory requirements of convertibility and remittance of currencies. For example, the PRC government requires that the conversion of Renminbi into foreign currencies must be subject to certain regulatory procedures and, under certain circumstances, remittances out of China are also subject to certain regulatory procedures. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations and support our global business operations. Under existing PRC foreign exchange regulations, payments for current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, provided that certain procedural requirements are met. However, approval from or registration with competent authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. If we cannot fulfill the relevant regulatory requirements, or if

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regulations on foreign currency exchanges impose additional requirements, it may impair our ability to have sufficient foreign currency capital to fund our future business activities conducted in foreign currencies.

We face foreign exchange risks. Fluctuations in exchange rates could have a material and adverse effect on our results of operations and financial performance.

A significant portion of our revenue and expenses is denominated in Renminbi, while the net [REDACTED] from the [REDACTED] and certain procurement or overseas business activities may be denominated in Hong Kong dollars, U.S. dollars or other foreign currencies. Fluctuations in the Renminbi exchange rate against these foreign currencies may therefore affect the value of our revenue, costs, assets and liabilities when expressed in foreign currencies. If the Renminbi is depreciated, the value of the net [REDACTED] from the [REDACTED] and any foreign-currency-denominated assets may decline when converted into Renminbi. Exchange-rate volatility may also affect our pricing competitiveness in overseas markets and the financial performance of our international operations. Movements in Renminbi exchange rates are affected by, among others, changes in political and economic conditions and China’s foreign exchange regime and policy. With the development of the foreign exchange market and progress toward interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system. Any significant depreciation or appreciation of the Renminbi, or increased volatility in the foreign exchange market, could materially and adversely affect our operating results, financial condition and the value of your [REDACTED].

We face certain legal and regulatory risks relating to social insurance and housing provident fund.

Under PRC laws and regulations, we are required to participate in various employee benefit plans, including social insurance fund and housing provident fund, and contribute to the amounts equal to certain percentage of last year’s monthly average salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident fund with respect to certain of our employees, as required by the relevant PRC laws and regulations. As a result, we may be required to make additional contributions to social insurance fund and/or housing provident fund and pay late payments and fines under PRC laws and regulations. As of the Latest Practicable Date, we had not received any order to settle the shortfall from the relevant regulatory authorities with respect to the social insurance and housing provident funds, nor had we been subject to any material administrative penalties during the Track Record Period and up to the Latest Practicable Date. In view of the above, we believe the likelihood that we would be required by relevant authorities to pay any shortfall for social insurance and housing provident fund contribution or become subject to material administrative penalties by relevant authorities is remote. Nevertheless, if there are any changes in the relevant laws and regulations or where there are material changes in the implementation standards of local governments, which may result in, for instance, a requirement that we make supplemental contributions, a new determination that we are not in compliance with labor laws and regulations, or that we are subject to new fines or other administrative penalties, our results of operation, financial conditions, business and prospects may be adversely affected.

Pursuant to Article 19(1) of the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “**New Judicial Interpretation**”), promulgated on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the People’s Court shall deem such

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agreement or commitment invalid, and where an employer fails to pay social insurance contributions, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with the PRC Labor Contract Law, the People’s Court shall support such claim. In light of the New Judicial Interpretation, in each of the period during the Track Record Period and up to the Latest Practicable Date, (i) we (a) made social insurance contributions for all our employees and (b) did not make any arrangement with their employees not to participate in the social insurance, either by unilateral undertakings or mutual agreements and (ii) there were no incidents with regard to the termination of the labor contracts between us and our respective employees, which was initiated by our employees, on the grounds that we had failed to make social insurance contributions. As advised by our PRC Legal Advisors, the New Judicial Interpretation does not have a material and adverse impact on our business operation. However, if the relevant PRC authorities hold a different view with us and determine that we are not in compliance with the New Judicial Interpretation, our results of operation, financial conditions, business and prospects may be adversely affected.

We are a PRC enterprise and we are subject to PRC tax on our global income. Our H Share [REDACTED] could be liable for PRC taxes on dividends obtained from us and profits from the disposition of their H Shares.

Under the current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), non-Chinese resident individuals are required to pay individual income tax at a rate of 20% on interest, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the State Administration of Taxation (the “SAT”) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excess tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

For non-Chinese resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to PRC enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%. If there is any development in the applicable tax laws and regulations or the interpretation or application of such laws and regulations, the value of your holdings in our H Shares may be adversely affected.

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You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us, our Directors and senior management residing in Chinese Mainland.

We are a joint stock company incorporated under the laws of the PRC with limited liability, and substantially all our assets are in the PRC. In addition, most of our Directors and all our senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors and senior management personnel. When it comes to trans-jurisdictional recognition and enforcement of judgments, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in Chinese Mainland or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be uncertain. On July 14, 2006, the Supreme People’s Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**2006 Arrangement**”). Under the 2006 Arrangement, where any designated People’s Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People’s Court of mainland China or Hong Kong court for recognition and enforcement of the judgment. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in Chinese Mainland if the parties in dispute have not agreed to enter into such a choice of court agreement in writing. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in Chinese Mainland if the parties in dispute have not entered into a jurisdiction agreement in writing under the 2006 Arrangement. As between Chinese Mainland and Hong Kong, the new arrangement entered between the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region on January 18, 2019, which took effect on January 29, 2024, has lifted the requirements for a choice of court agreement in writing in a civil or commercial case under the previous regime on bilateral recognition and enforcement. However, the 2006 Arrangement will remain applicable to a “jurisdiction agreement in writing” as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement taking effect. However, since the 2019 Arrangement is newly effected and promulgated, the interpretation, application and enforcement must be determined in accordance with the relevant laws and regulations in effect at the time.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong.

As our A Shares are listed on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and devote additional resources in continuously complying with all sets of listing rules in the two jurisdictions.

Regulatory requirements and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A

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Shares are not interchangeable or fungible, and there is no direct [REDACTED] or settlement between the H Share and A Share markets. The H Share and A Share markets have different trading characteristics, including differences in [REDACTED], liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating an [REDACTED] decision in our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shanghai Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] in our H Shares, they should rely only on the financial, operating and other information disclosed in this document. By applying to [REDACTED] our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

There has been no previous public market for our H Shares prior to the [REDACTED] and you may not be able to [REDACTED] our H Shares at or above the [REDACTED] you pay, or at all, and there is no assurance that an active or liquid [REDACTED] market for our H Shares will develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [REDACTED] will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is the result of negotiations between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, and may not be an indication of the [REDACTED] at which our H Shares will be traded following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that were not related to the operating performance of any particular company. The business performance and the market price of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our H Shares. In addition to market and industry factors, the [REDACTED] and

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[REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors or regulatory developments. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [REDACTED] not directly related to our business performance.

As the [REDACTED] of our H Shares is substantially higher than the consolidated net tangible book value per share, purchasers in the [REDACTED] may experience immediate dilution.

The [REDACTED] of our H Shares is expected to be substantially higher than the consolidated net tangible book value per share immediately prior to the [REDACTED]. As a result, purchasers of our H Shares in the [REDACTED] will experience immediate dilution in the net tangible book value per share of their [REDACTED]. Existing Shareholders will benefit from any increase in the net tangible book value per share resulting from the [REDACTED], whereas investors who purchase H Shares at the [REDACTED] will bear the dilution arising from the difference between the [REDACTED] and the adjusted net tangible book value per share upon completion of the [REDACTED]. Furthermore, the net tangible book value per H Share may be further diluted if we [REDACTED] additional Shares in the future, whether in connection with capital-raising activities, the exercise of share options or other equity incentive plans, or the acquisition of businesses or assets. Any such future issuance could result in additional dilution to [REDACTED] who purchase H Shares in the [REDACTED] and could materially and adversely affect the value of their [REDACTED].

Our Single Largest Group of Shareholders have substantial influence over us, and their interests may not be aligned with the interests of our other Shareholders.

The interests of our Single Largest Group of Shareholders and its affiliates may differ from the interests of our other Shareholders. They could through their shareholding interest in us exert influence in determining the outcome of any corporate transaction or other matter submitted to our Shareholders for approval, including mergers, consolidations, the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of us, which could deprive our Shareholders of an opportunity to receive a premium for their H Shares in a sale or may reduce the [REDACTED] of our H Shares. In addition, to the extent the interests of our Single Largest Group of Shareholders and its affiliates conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged or harmed.

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.

We have declared dividends in the past. See “Financial Information – Dividends.” However, there is no assurance that dividends of any amount will be declared or distributed in the future. The payment and amount of dividends are subject to applicable PRC laws and regulations, our constitutional documents, and the discretion of our Directors, taking into account factors such as our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, strategic plans and regulatory restrictions, and are subject to Shareholders’ approval. Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits with less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders’ meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined

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under IFRS. In addition, the calculation of our profits under PRC GAAP may differ from that under IFRS. As a result, even if we record profits under IFRS, we may not have distributable profits under PRC GAAP. No dividend may be declared or paid except out of profits and reserves lawfully available for distribution, and our historical dividends should not be regarded as indicative of our future dividend policy. Furthermore, under PRC foreign exchange regulations, the conversion of Renminbi into foreign currency and remittance out of China for capital items is subject to approval or registration with relevant authorities. If we are unable to obtain sufficient foreign currencies due to foreign exchange control restrictions or future regulatory changes, we may not be able to pay dividends in foreign currencies to our Shareholders.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [REDACTED] market for our H Shares will depend in part on the availability of research reports and analyzes published by securities or industry analysts. We cannot assure you that analysts will initiate or continue to provide coverage of our Group. If analysts choose not to publish research regarding our business, our industry position or our financial performance, investor interest in our H Shares may decrease. In addition, if any analysts who cover us issue reports containing unfavorable commentary, lower their recommendations, reduce their earnings forecasts or otherwise present our prospects in a negative manner, the [REDACTED] and [REDACTED] of our H Shares may be adversely affected. Negative or limited analyst coverage may also impair our ability to attract new [REDACTED]. As a result, the value of your [REDACTED] in our H Shares may be materially and adversely affected.

We may require additional capital, and any future [REDACTED] of H Shares or other equity securities could have a material and adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future and may cause further dilution to our Shareholders.

The [REDACTED] of our H Shares may decline if a substantial number of our securities are sold or become available for sale in the public market. Even the perception that such sales may occur could exert downward pressure on the [REDACTED] of our H Shares. For example, we may require additional capital in the future to support our R&D initiatives, expand production capacity, strengthen our sales and service network, pursue strategic investments or respond to changes in our operating environment. If our internal resources are insufficient to meet these needs, we may seek to raise additional funds through public or private [REDACTED] of H Shares or other equity or equity-linked securities. The increased supply of our shares in the market could adversely affect the [REDACTED] of our H Shares.

Furthermore, any such [REDACTED] would increase the total number of shares outstanding and dilute the ownership interests of existing Shareholders. In addition, future capital raising activities depend on market conditions, investor sentiment and regulatory approvals, which may not always be favorable. If we are unable to raise capital on terms acceptable to us, our ability to execute our business strategies may be constrained. Accordingly, future equity [REDACTED] may materially and adversely affect your [REDACTED] by diluting your shareholdings and, depending on market conditions, could also impact the [REDACTED] of our H Shares.

The industry data and forecasts quoted in this document from various government publications have not been independently verified.

Certain facts, forecasts and statistics in this document, particularly in “Industry Overview,” related to the PRC and global economy and the industry in which we operate, are sourced from publicly available sources such as government publications that we believe to be reliable. However, we cannot

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guarantee the quality or reliability of these sources. We believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. We do not believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by our Group, the Sole Sponsor or any other party involved in the [REDACTED] and no representation is given as to its accuracy or completeness. Due to possibly flawed or ineffective sampling or discrepancies between published information and market practice and other problems, the statistics in this document relating to the PRC and the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risks and uncertainties and are subject to change based on various factors and should not be unduly relied upon. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge from the forward-looking statements in this document. Whether actual results will conform with our predictions is subject to several risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section. See “Forward-looking statements.”

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles and other media regarding us and the [REDACTED].

Any information or opinions regarding our Group or the [REDACTED] that appear in press articles, online platforms, social media or other media sources have not been prepared, reviewed or verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] and the [REDACTED] or any of their respective affiliates or advisors. Such information may be incomplete, inaccurate, inconsistent with the facts, based on speculation or presented without sufficient context. Media reports may also include forward-looking statements, financial projections or commentary that do not reflect our actual business, prospects or financial condition as disclosed in this document. Reliance on such information may result in an inaccurate understanding of our Group or the [REDACTED]. [REDACTED] should rely solely on the information contained in this document and any formal announcements made by us in Hong Kong to make an informed [REDACTED] decision. We strongly caution [REDACTED] not to base any [REDACTED] decisions on information obtained from press articles or other media sources.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

In preparation for the [REDACTED], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and a majority of our business operations are based, managed and conducted in the PRC. As the executive Directors play very important roles in our business operations, it is in our best interests for them to be based in the places where we have significant operations. We consider it practicably difficult and commercially unreasonable for it to arrange two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of the executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

- (a) we have appointed Mr. Chen Zhongxi (陳忠喜先生) and Ms. Li Yee Ching (李漪澄女士) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company’s principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone, facsimile (if any) and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives in accordance with the Listing Rules;
- (b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are traveling. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the authorized representatives and the Stock Exchange. We further confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;
- (c) we have appointed Rainbow Capital (HK) Limited as our compliance advisor upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. Our compliance advisor will serve as the additional channel of communication with the Stock Exchange and will have access at all times to our authorized representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

- (d) meetings between the Stock Exchange and our Directors can be arranged through our authorized representatives or our compliance advisor, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Pursuant to paragraph 11 of Chapter 3.10 of the Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to paragraph 11 of Chapter 3.10 of the Guide, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

Our Company has appointed Mr. Chen Zhongxi (陳忠喜先生) (“**Mr. Chen**”), our executive Director, deputy general manager and Board secretary, as one of our joint company secretaries. He has the relevant experience in our administrative and corporate matters as a joint company secretary but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Li Yee Ching (李漪澄女士) (“**Ms. Li**”), an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Chen for an initial period of three years from the [REDACTED] to enable Mr. Chen to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Ms. Li’s professional qualification and experience, she will be able to explain to both Mr. Chen and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Li will also assist Mr. Chen in organizing Board meetings and general meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Li is expected to work closely with Mr. Chen and will maintain regular contact with Mr. Chen, the Directors and the senior management of our Company. In addition, Mr. Chen will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED].

Since Mr. Chen does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Chen may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (a) Mr. Chen must be assisted by Ms. Li, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked immediately if and when Ms. Li ceases to provide such assistance to Mr. Chen as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the Waiver Period, the qualifications and experience of Mr. Chen will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the Waiver Period to enable it to assess whether Mr. Chen, having benefited from the assistance of Ms. Li for the Waiver Period, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement, circular and/or independent Shareholders’ approval requirements (as the case may be) under the Listing Rules. For further details in this respect, see “Continuing Connected Transactions”.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Yuan Yongbin	Room 1402, Unit 2, Building 1, Yulanyuan, Fenghuangcheng Residential Community Jiujiang District Wuhu, Anhui PRC	American
Mr. Chen Zhongxi (陳忠喜先生)	Room 402, Unit 1, Building 22, Dongfang Lanhai Jinghu District Wuhu, Anhui PRC	Chinese
Mr. Yuan Lawrence Pan	Unit 3002, Building 3, Lane 139, Danshui Road Huangpu District Shanghai PRC	American
Non-executive Directors		
Mr. Fu Pengjiu (付鵬九先生)	Room 601, No. 89, Meilong Fourth Village Xuhui District Shanghai PRC	Chinese
Mr. Yang Simon Xiaoming	No. 200 Yuanguo Road, Anting Town Jiading District Shanghai PRC	American
Mr. Liu Leon	Building 338, Lane 800, Gaojing Road, Xujing Town Qingpu District Shanghai PRC	American
Independent Non-executive Directors		
Mr. Li Kaiguo (李開國先生)	No. 143-7-1, Chaotian Village Jiulongpo District Chongqing PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Ms. Ma Lijun (馬黎珺女士)	Room 702, Unit 1, Building 2, Yard No. 2, Jianxing Street Shijingshan District Beijing PRC	Chinese
Mr. Cheung Chin Wa (張展華先生)	Flat C, 48/F, Block 6, 8 Pung Loi Road, Oscar By the Sea, Phase 2 Tseung Kwan O New Territories Hong Kong	Chinese (Hong Kong)

For further information, see “Directors and Senior Management”.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Center 1 Harbour View Street Central Hong Kong

Legal Advisors to our Company

As to Hong Kong and U.S. laws:

Baker & McKenzie
14/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

*As to PRC laws and PRC cybersecurity and data
compliance laws:*

Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road, Chaoyang District
Beijing
PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong and U.S. laws:

Dentons Hong Kong LLP
Suite 3201, Jardine House
1 Connaught Place
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC laws:

Commerce & Finance Law Offices

12-15th Floor, China World Office 2

No.1 Jianguomenwai Avenue, Chaoyang District

Beijing

PRC

**Reporting Accountants and Independent
Auditors**

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

Unit 4301-07, 43/F, Cosco Tower

183 Queen’s Road Central

Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai Branch
Co.**

Room 2504, Wheelock Square

1717 West Nanjing Road

Shanghai

PRC

Compliance Advisor

Rainbow Capital (HK) Limited

Office No. 710, 7/F, Wing ON House

71 Des Voeux Road Central

Central

Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office and Headquarters in the PRC

No. 19 Taishan Road
Wuhu Area
China (Anhui) Pilot Free Trade Zone
Anhui
PRC

Principal Place of Business in Hong Kong

Room 1901, 19/F
Lee Garden One, 33 Hysan Avenue
Causeway Bay
Hong Kong

Company’s Website

www.btl-auto.com

(information contained in this website does not form part of this document)

Joint Company Secretaries

Mr. Chen Zhongxi (陳忠喜先生)

Room 402, Unit 1, Building 22, Dongfang Lanhai
Jinghu District
Wuhu, Anhui
PRC

Ms. Li Yee Ching (李漪澄女士)

(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)

Room 1901, 19/F
Lee Garden One, 33 Hysan Avenue
Causeway Bay
Hong Kong

Authorized Representatives

Mr. Chen Zhongxi (陳忠喜先生)

Room 402, Unit 1, Building 22, Dongfang Lanhai
Jinghu District
Wuhu, Anhui
PRC

Ms. Li Yee Ching (李漪澄女士)

(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)

Room 1901, 19/F
Lee Garden One, 33 Hysan Avenue
Causeway Bay
Hong Kong

Audit Committee

Ms. Ma Lijun (馬黎珺女士) *(Chairperson)*

Mr. Liu Leon

Mr. Cheung Chin Wa (張展華先生)

CORPORATE INFORMATION

Nomination Committee

Mr. Li Kaiguo (李開國先生) (*Chairperson*)
Mr. Yuan Yongbin
Ms. Ma Lijun (馬黎珺女士)

Remuneration and Appraisal Committee

Mr. Li Kaiguo (李開國先生) (*Chairperson*)
Mr. Chen Zhongxi (陳忠喜先生)
Ms. Ma Lijun (馬黎珺女士)

Strategy and Sustainability Committee

Mr. Yuan Yongbin (*Chairperson*)
Mr. Fu Pengjiu (付鵬九先生)
Mr. Li Kaiguo (李開國先生)
Mr. Yang Simon Xiaoming
Mr. Yuan Lawrence Pan

[REDACTED]

Principal Bank

**Bank of Communications Co., Ltd. Anhui Pilot
Free Trade Zone Wuhu Area Sub-branch**
No. 17 Gangwan Road, Jiujiang District
Wuhu, Anhui
PRC

INDUSTRY OVERVIEW

The information and statistics set forth in this section and elsewhere in this document have been extracted from the F&S Report commissioned by us, as well as from various official government publications and other publicly available sources. We have engaged F&S to prepare an independent industry report, the F&S Report, in connection with the [REDACTED]. We believe that the sources of such information are appropriate and have exercised reasonable care in extracting and reproducing such data. We have no reason to believe that any such information is false or misleading, or that any fact has been omitted that would render such information false or misleading. Information derived from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED], any of their respective directors or advisers, or any other person or party involved in the [REDACTED], and no representation is made as to its accuracy.

OVERVIEW OF GLOBAL AND CHINA’S AUTOMOTIVE CHASSIS SYSTEM INDUSTRY

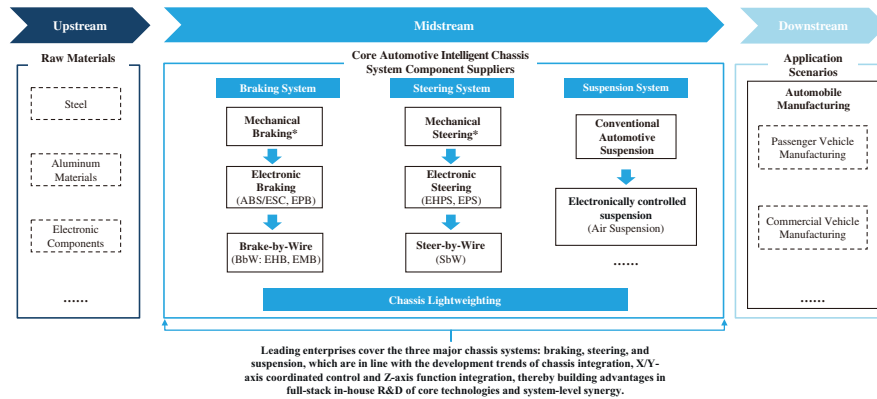
As the physical carrier of vehicle motion, the automotive chassis mainly comprises the drive and braking systems for longitudinal (X-axis) acceleration and deceleration control, the steering system for lateral (Y-axis) path determination, and the suspension system for vertical (Z-axis) ride comfort and smoothness regulation. With the continuous advancement of vehicle electrification, intelligence, and lightweighting, chassis systems are evolving toward highly electronic and integrated architectures. Against this backdrop, the intelligent chassis is gradually becoming a key direction in automotive chassis development, centered on the coordinated control of core chassis systems such as braking, steering, and suspension via electronic control, by-wire technologies, and software algorithms. Compared to traditional chassis systems that rely on mechanical/hydraulic direct transmission and passive response, the intelligent chassis achieves a transition from “mechanics-led” to “software-defined + electrical-signal-driven”, significantly improving vehicle response speed, control precision and consistency, and offering systemic advantages in shorter braking distance, enhanced handling stability, optimized ride comfort, improved energy recuperation efficiency, and superior execution capability for intelligent driving functions. In longitudinal control, braking systems are shifting from traditional hydraulic-mechanical structures to integrated electronic solutions. EPB has become widely adopted in parking brake systems, while BbW is emerging as the mainstream direction for driving brakes, with electro-hydraulic braking (“EHB”) currently the primary application and electro-mechanical braking (“EMB”) still in R&D and validation stages. The intellectualization of longitudinal control enables more precise braking force distribution and faster braking response, while supporting energy recuperation and coordinated braking control, and providing redundant braking and emergency braking strategies for intelligent driving scenarios. In lateral control, steering systems are gradually evolving from EPS to steer-by-wire (“SbW”), supporting the deployment of advanced intelligent driving functions and improved cabin space layout. The electronic control of lateral steering enables dynamic adjustment of steering ratios, vehicle-speed-adaptive steering gains, and high-precision execution of functions such as lane keeping and automatic parking. At the same time, by eliminating or reducing mechanical linkages (in the SbW stage), it enhances design freedom of the cabin and provides critical redundant steering capability and functional safety foundation for high-level intelligent driving. In vertical control, suspension systems are also moving from traditional passive structures toward electronically controlled active structures, with diversified technological pathways. The intellectualization of vertical control allows the vehicle to dynamically adjust damping and stiffness based on road conditions and driving intentions, effectively suppressing body pitch, roll and jolts, improving ride comfort and high-speed stability, while enhancing tire road-holding and handling limits under various operating conditions, and strengthening body attitude control capability and perception stability in intelligent driving scenarios.

Driven by technological transformation and supportive policies, automotive chassis systems are shifting from a decentralized collection of components toward integrated control under domain-controller architectures. The industry is moving from separately managed braking, steering, and suspension systems to unified chassis solutions that coordinate longitudinal (X-axis) and lateral (Y-axis) control, with increasing integration of vertical (Z-axis) functions. Companies with full-stack capabilities across braking, steering, and suspension can achieve system-level synergy advantages. By enabling data

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interoperability among actuators at the foundational level, such companies can develop more adaptive coordinated control strategies and provide OEMs with holistic hardware-software decoupled solutions, thereby effectively reducing system integration complexity and shortening vehicle development cycles.

Industry Chain Landscape of Automotive Intelligent Chassis



Source: Frost & Sullivan

Note*: Mechanical braking products (brakes, brake calipers) and mechanical steering products (steering columns, steering gears, steering intermediate shafts) are chassis actuators. They can work in coordination with electronically controlled braking, electronically controlled steering, and by-wire technologies, serving as important components of an intelligent chassis system.

OVERVIEW OF GLOBAL AND CHINA’S AUTOMOTIVE BRAKING SYSTEM INDUSTRY

Introduction to Automotive Braking Systems

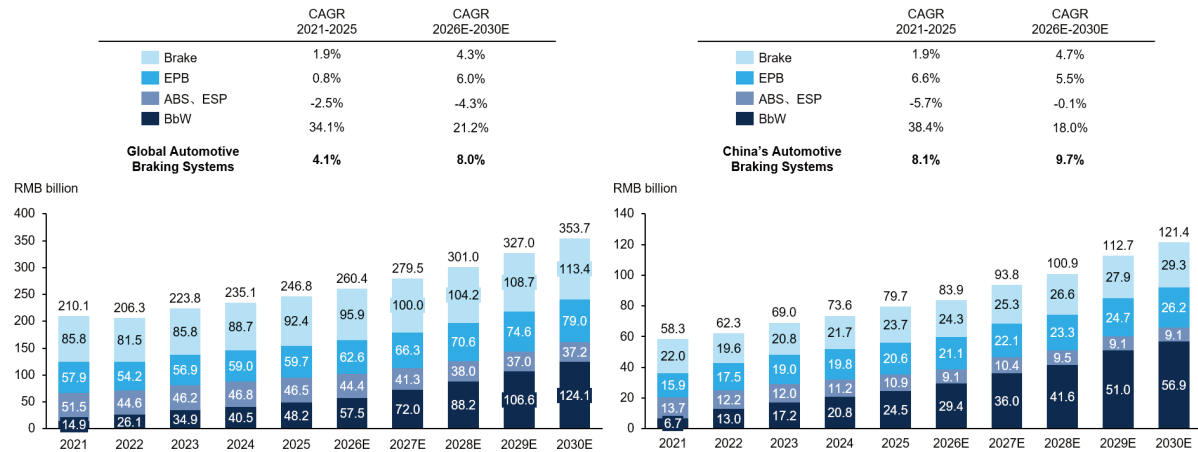
Braking systems are a core vehicle safety component. Its principal functions include controlling vehicle deceleration and stopping, maintaining speed stability during downhill driving, and ensuring that a vehicle remains stationary when parked. An efficient and reliable braking system is indispensable to driving safety and exerts a profound influence on overall vehicle performance and active safety systems. Based on functional distinctions in their operational processes, automotive braking systems may be divided into actuating units and control units. The control unit is responsible for receiving braking signals, performing logical computations and distributing braking force, while the actuating unit translates these control commands into actual physical deceleration through wheel-end hardware such as brakes. Automotive braking systems primarily include conventional hydraulic braking systems (e.g., ABS/ESP), EPB, EHB and EMB. ABS/ESP and EPB have already achieved large-scale application, EHB is undergoing rapid adoption, and EMB remains at the exploratory stage of mass production.

Market Size of Global and China’s Automotive Braking Systems

As the global and China automotive industries continue shifting toward electrification and intelligence, braking system is experiencing steady growth while moving toward greater electronization and integration. In terms of parking brake technology, EPB has become the mainstream solution, with penetration rate in China’s automobile sales reaching approximately 90% in 2025 and expected to exceed 95% by 2030, while penetration rate in global automobile sales is approximately 80% in 2025 and is projected to approach 90% by 2030. In terms of driving brake systems, BbW is entering rapid adoption as it integrates functions such as ABS and ESP into a more centralized braking control architecture and supports intelligent driving execution. As the underlying industry chain matures and the vehicle electronic and electrical architecture continues to upgrade, the installation rate of BbW in new vehicle models is steadily increasing. By 2030, BbW penetration rate in the Chinese automotive sales is expected to exceed 80%, while its penetration rate in global automotive sales is expected to rise rapidly to over 50%.

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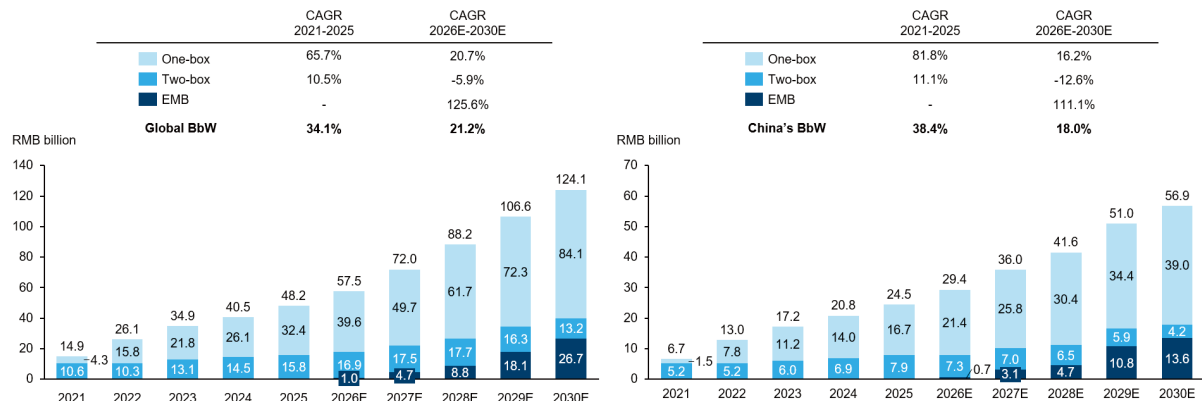
Market Size of Global and China’s Automotive Braking System Industry by Revenue, 2021–2030E



Source: CAAM, Frost & Sullivan

In terms of specific technological evolution, the highly integrated and lightweight One-box solution has emerged as the mainstream choice in the current BbW market. In 2025, One-box systems accounted for approximately 70% of the global and China’s BbW industry. Meanwhile, EMB, as the next-generation cutting-edge technology that entirely eliminates hydraulic pipelines, remains in the stage of technical validation and ongoing optimization. It is expected to gradually enter commercial mass production during the forecast period, thereby driving automotive chassis systems towards a higher level of pure BbW architecture.

Market Size of Global and China’s Automotive BbW Industry by Revenue, 2021–2030E



Source: CAAM, Frost & Sullivan

Market Drivers and Development Trends of the Global and China’s Automotive Braking System Industry

Electrification and Intelligentization Accelerate the Adoption of BbW

As the automotive industry undergoes a profound transformation towards electrification and intelligence, the significance of BbW in NEVs continues to grow. In terms of electrification, such systems eliminate reliance on traditional vacuum boosters and enable more precise brake force distribution and regenerative braking energy management through electronic control, thereby enhancing vehicle energy efficiency and driving range. In terms of intelligence, intelligent driving technologies impose increasingly stringent requirements on chassis systems in terms of response speed and functional safety. By electronically decoupling pedal input from brake actuation mechanisms, BbW can respond directly to braking commands from vehicle control units and intelligent driving systems,

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enabling coordination with perception and decision-making systems. As a result, BbW is becoming a key enabling hardware for intelligent driving and is gradually extending from premium vehicle models to a wider range of models.

Continuous Upgrade of BbW Technologies

Currently, BbW primarily follows two technological pathways: EHB and EMB. EHB technology is highly mature and has achieved large-scale commercial production, and it is expected to remain the mainstream solution in the BbW market in the short term. Within the EHB framework, the One-box solution, distinguished by higher integration, lighter weight, and more favorable cost compared with the modular Two-Box solution, has been proven by the industry as the mainstream technological route at this stage. Meanwhile, EMB, as a next-generation technology using electric motors for direct actuation, offers simpler structure and faster response, and is expected to gain broader adoption over time.

Competitive Landscape of China’s Automotive Braking System Industry

In 2025, the top five EPB suppliers in Chinese market accounted for an aggregate market share of 71.6% in terms of revenue, reflecting a relatively concentrated market. In 2025, our Company ranked third among EPB suppliers in China’s EPB market and first among Chinese brand suppliers, with a market share of 14.2%.

Ranking of EPB Suppliers in China by Revenue, 2025

Ranking	Company Name	Market Share
1	Company A	22.4%
2	Company B	19.9%
3	The Company	14.2%
4	Company C	10.2%
5	Company D	4.9%
Top 5		71.6%

Source: Annual reports of listed companies, Frost & Sullivan

Notes:

1. Company A was established in 1915 and is headquartered in Germany. It principally engaged in chassis system-related products and solutions, with a focus on steering, braking, suspension and vehicle motion control.
2. Company B was established in 1871 and is headquartered in Germany. It is listed on the Frankfurt, Hamburg, Hanover and Stuttgart stock exchanges. It currently focuses on automotive chassis-related businesses.
3. Company C was established in 2001 and is headquartered in Japan. It primarily engaged in automotive braking systems and related components, including braking systems and brake products.
4. Company D was established in 1962 and is headquartered in Korea. It is listed on the Korea Exchange, principally engaged in chassis-related components and solutions covering braking, steering, suspension and ADAS.

In 2025, the top five BbW suppliers in Chinese market accounted for an aggregate market share of 66.1% in terms of revenue. Our Company was the second largest supplier in China’s BbW market and first among Chinese brand suppliers in 2025, with a market share of 8.6%. In 2025, the top five One-box suppliers in Chinese market accounted for an aggregate market share of 70.9% in terms of revenue. Our Company was the second largest supplier in China’s One-box market and first among Chinese brand suppliers in 2025, with a market share of 12.7%.

Ranking of BbW Suppliers in China by Revenue, 2025

Ranking	Company Name	Market Share
1	Company E	40.7%
2	The Company	8.6%
3	Company B	6.9%
4	Company A	6.1%
5	Company D	3.7%
Top 5		66.1%

Ranking of One-box Suppliers in China by Revenue, 2025

Ranking	Company Name	Market Share
1	Company E	42.0%
2	The Company	12.7%
3	Company B	6.0%
4	Company A	5.4%
5	Company D	4.8%
Top 5		70.9%

INDUSTRY OVERVIEW

Source: Annual reports of listed companies, Frost & Sullivan

Note:

- Company E was established in 1886 and is headquartered in Germany. It principally engaged in automotive chassis control, braking, steering, vehicle motion control, and related intelligent mobility technology solutions.

OVERVIEW OF GLOBAL AND CHINA’S AUTOMOTIVE STEERING SYSTEM INDUSTRY

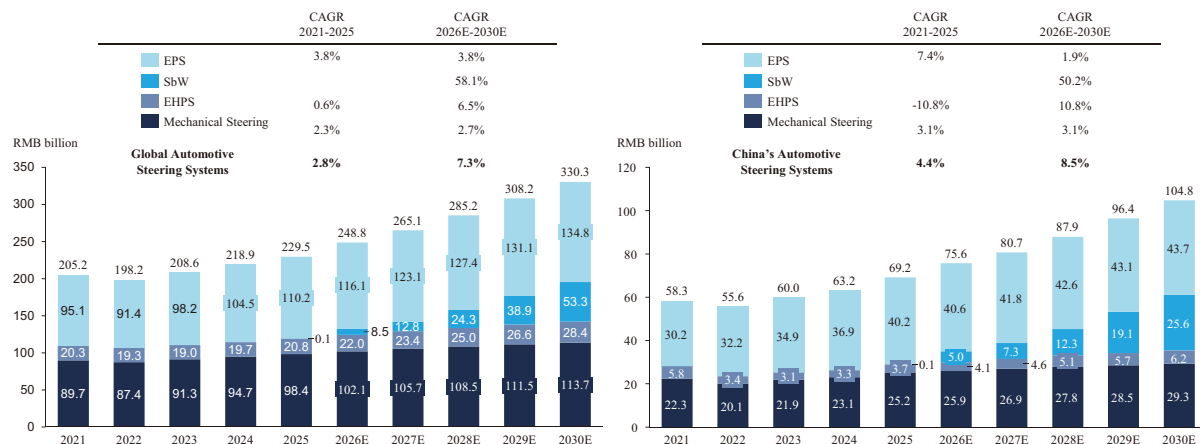
Introduction to Automotive Steering Systems

The automotive steering system is a key vehicle safety and control system. Its principal function is to alter or maintain the direction of vehicle travel in accordance with the driver’s operating instructions, thereby ensuring sound handling stability, steering precision and driving safety under diverse driving conditions. Current automotive steering systems can be divided into mechanical steering components and power-assisted/steer-by-wire steering systems. Mechanical steering components principally include steering columns, steering gears and steering intermediate shafts, which respectively perform the fundamental functions of transmitting steering input and converting steering motion. Built upon this foundation, various forms of power assistance and control solutions have been developed, primarily including electro-hydraulic power steering (EHPS) system, EPS system and SbW system. EHPS is widely applied in commercial vehicles, EPS is extensively deployed in passenger vehicles, while SbW systems remain at an early stage.

Market Size of Global and China’s Automotive Steering System Industry

In the automotive steering sector, EPS currently dominates both the global and Chinese automotive steering system markets, while SbW is expected to accelerate its market penetration in the future. By 2030, penetration rate of SbW is expected to reach approximately 5% in the global automotive sales, while in the Chinese market where intelligent mobility is advancing more rapidly, penetration rate of SbW is expected to reach approximately 10% in the Chinese automotive sales.

Market Size of Global and China’s Automotive Steering System Industry by Revenue, 2021–2030E



Source: CAAM, Frost & Sullivan

Market Drivers and Development Trends of the Global and China’s Automotive Steering System Industry

Steer-by-wire Represents the Long-Term Technological Evolution of Steering Systems

SbW replaces traditional mechanical transmission structures with electronic signals and motor actuators, thereby decoupling the steering wheel from the road wheels and advancing steering systems from electromechanical coupling architectures toward pure electric control architecture. This technological pathway redefines steering control at the system level, and defines and adjusts steering ratios, steering characteristics and steering feel through software. It also offers structural advantages in lightweight design, vehicle layout flexibility, and functional scalability. Moreover, SbW is inherently compatible with centralized and domain-controlled electronic and electrical architectures and possesses the technological foundation for in-depth integration with overall vehicle control systems. Accordingly, it is widely regarded as the core steering solution for future intelligent vehicles and represents a highly certain long-term technological direction.

INDUSTRY OVERVIEW

Deployment of Advanced Intelligent Driving Places Higher Demands on Steering Systems

As advanced intelligent driving functions gradually transition from demonstration applications to large-scale deployment, steering systems are evolving from conventional auxiliary execution components into critical safety control actuators. In intelligent driving scenarios, steering systems must respond to domain controller commands with high speed, continuity and precision, while also possessing multiple redundancies, fault self-diagnosis capabilities, and failure protection mechanisms in order to satisfy high-level functional safety requirements. Traditional mechanical or hydraulic power steering systems are inherently constrained in terms of control precision and system integration, whereas highly electronic solutions represented by SbW are better suited to achieving centralized coordination of chassis execution systems and cross-system collaboration, thereby serving as an essential foundation for SbW chassis architectures and advanced intelligent driving functions.

OVERVIEW OF GLOBAL AND CHINA’S LIGHTWEIGHT AUTOMOTIVE CHASSIS COMPONENTS INDUSTRY

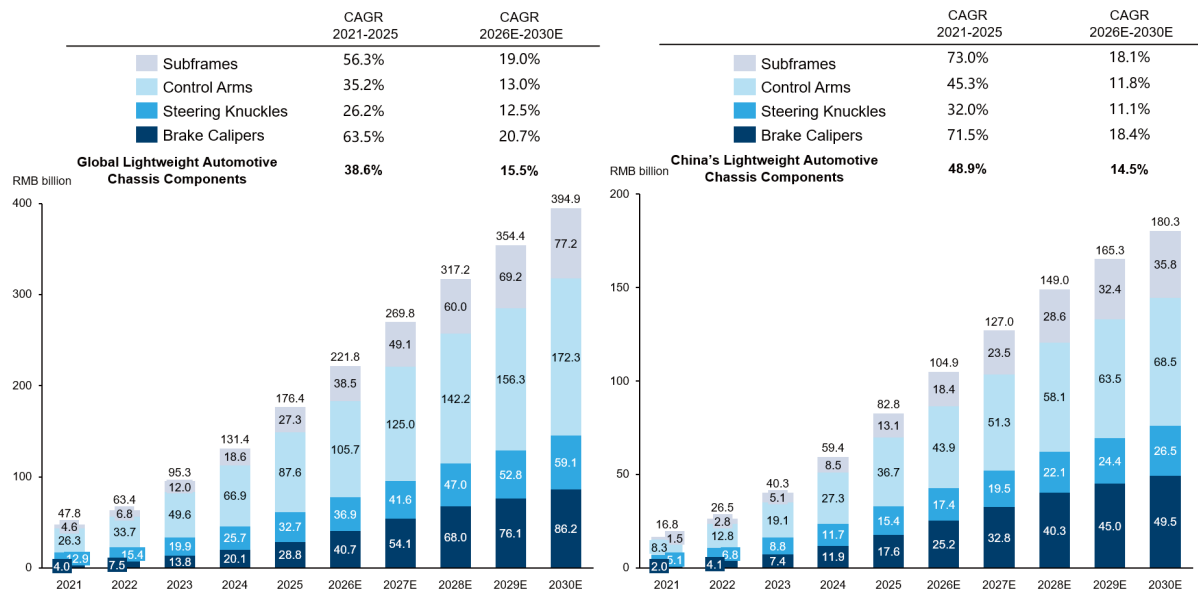
Introduction to Lightweight Components for Automotive Chassis

Chassis lightweighting refers to the process of reducing the weight of a vehicle chassis while maintaining its structural strength and safety performance. The chassis components beneath the vehicle springs generally bear more than 70% of the vehicle’s total weight. Reducing chassis weight is an effective means of enhancing vehicle performance, ride comfort and safety, while also contributing to energy conservation and emissions reduction in both fuel vehicles and NEVs. The main components involved in chassis lightweighting include subframes, control arms, steering knuckles, and brake calipers.

Market Size of Lightweight Automotive Chassis Components Industry

The global and China’s lightweight automotive chassis components have demonstrated a sustained growth trend. Looking ahead, under the combined impetus of increasingly stringent emissions and energy-efficiency standards, advances in lightweight materials and manufacturing technologies, and the accelerated adoption of NEVs, the market size of the global and China’s lightweight chassis systems industry is expected to continue expanding.

Market Size of Global and China’s Lightweight Automotive Chassis Components Industry by Revenue, 2021–2030E



Source: CAAM, Frost & Sullivan

INDUSTRY OVERVIEW

Market Drivers and Development Trends of the Global and China’s Lightweight Automotive Chassis Components Industry

National Policies in Major Markets Promote the Development of Lightweight Vehicles

Major economies are continuously tightening automotive fuel consumption and emissions standards. Europe is advancing from Euro 6 to Euro 7 while extending regulation to full lifecycle carbon footprints. In 2024, the U.S. Environmental Protection Agency (EPA) introduced stricter GHG and pollutant emission standards for light- and medium-duty vehicles from model years (MYs) 2027 and later. In China, the “China VI” standards have significantly raised emission requirements. Meanwhile, supportive industrial policies are also in place: China’s “Industrial Structure Adjustment Guidance Catalogue (2024 Edition)” (《產業結構調整指導目錄(2024年本)》) classifies the application of lightweight materials as an encouraged industry category; the EU promotes lightweight R&D through Horizon Europe; and the U.S. supports related technologies through the Department of Energy’s Vehicle Technologies Office (VTO). These combined regulatory and policy measures are accelerating automotive lightweighting globally.

Demand for Lightweight Energy Reduction and Upgrades in New Materials and Manufacturing Processes Forms a Technological Closed Loop

Among energy-saving and emission-reduction approaches, lightweighting stands out due to its relatively low implementation complexity, broad applicability, and significant efficiency gains. For fuel vehicles, a 10% weight reduction can cut fuel consumption by 6%–8% and CO₂ emissions by around 4%. Lightweighting helps NEVs reduce energy consumption and extend driving range without increasing battery size, while also improving performance and driving experience. Material and process innovations provide key support, with aluminum alloys increasingly used in chassis components, alongside advanced forming technologies that enable stronger and thinner structures. As technologies mature and costs decline with scale, the economic feasibility of lightweight solutions has improved, supporting continued growth of the lightweight chassis components market.

Competitive Landscape of China’s Lightweight Automotive Chassis Components Industry

The lightweight automotive chassis components industry in Chinese market shows a relatively concentrated structure. Leading players typically have strong capabilities in lightweight materials, structural design, and manufacturing processes, and maintain long-term stable relationships with OEMs.

In 2025, the top five lightweight steering knuckle suppliers in China accounted for an aggregate market share of 70.1% in terms of revenue. Our Company ranked fifth in China’s lightweight steering knuckle market and first among Chinese brand suppliers in 2025, with a market share of 9.2%.

Ranking of Lightweight Steering Knuckle Suppliers in China by Revenue, 2025

Ranking	Company Name	Market Share
1	Company A	17.9%
2	Company F	16.4%
3	Company G	14.9%
4	Company D	11.7%
5	The Company	9.2%
Top 5		70.1%

Source: Annual reports of listed companies, Frost & Sullivan

Notes:

1. Company F was established in 1957 and is headquartered in Canada. It is listed on the Toronto Stock Exchange and the New York Stock Exchange. Its principal chassis-related businesses include chassis systems and ADAS-related engineering solutions.
2. Company G was established in 1876 and is headquartered in Austria. It principally engaged in chassis-related products and solutions, including front and rear subframes, torsion beam axles, control arms, steering knuckles, and chassis modules.

INDUSTRY OVERVIEW

OVERVIEW OF GLOBAL AND CHINA’S AUTOMOTIVE SUSPENSION SYSTEM INDUSTRY

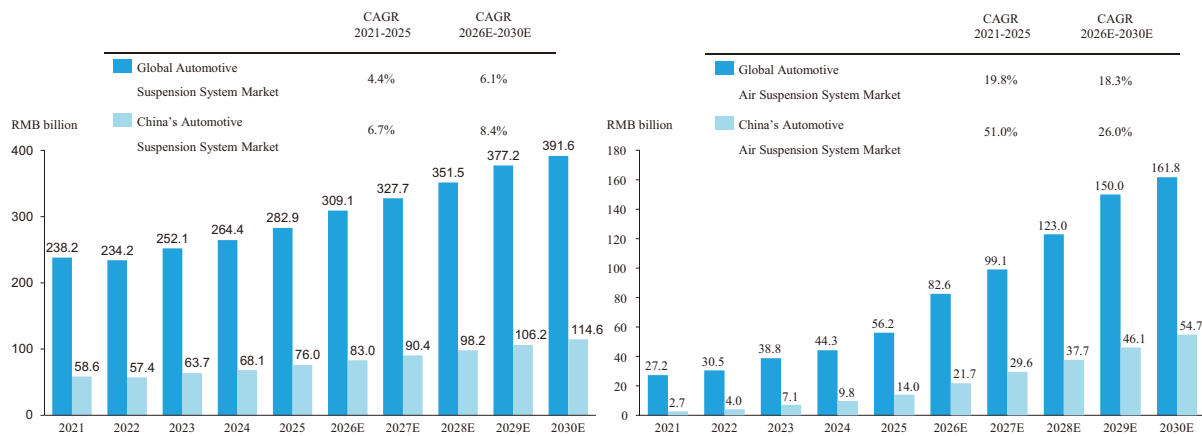
Introduction to Automotive Suspension Systems

The automotive suspension system is an important system assembly connecting the vehicle body and the wheels. It undertakes the core functions of supporting the vehicle body, cushioning road impacts, and ensuring vehicle handling stability. Through the synergistic action of elastic elements and damping devices, it enhances ride comfort while ensuring stability and safety during acceleration, braking, and steering. As vehicle intelligence and electronic control levels continue to improve, the suspension system is evolving from traditional passive mechanical structures to perceptible and adjustable electronically controlled active structures. As a key upgrade direction for suspension technology, air suspension is one of the representative electronically controlled suspension solutions. It replaces traditional steel springs with air springs, achieving dynamic control of vehicle body height and stiffness by adjusting air pressure, thereby improving ride comfort and off-road capability while enhancing stability under complex road conditions. A typical air suspension system consists of an air supply unit, air springs, electronic dampers, and a control unit, with all components working together to provide a complete suspension adjustment system.

Market Size of Global and China’s Automotive Suspension System Industry

The global and China automotive suspension system markets have shown steady growth. With the shift toward electrification and intelligence, and OEMs’ increasing focus on chassis performance and ride comfort, demand for suspension systems continues to expand. Meanwhile, rising NEV penetration and vehicle configuration upgrades are driving faster adoption of air suspension systems, which offer better height adjustment and comfort. By 2030, air suspension penetration in both global and Chinese automotive sales is expected to reach 15%–20%, respectively.

Market Size of Global and China’s Automotive Suspension and Air Suspension System Industry by Revenue, 2021-2030E



Source: CAAM, Frost & Sullivan

Market Drivers and Development Trends of the Global and China’s Automotive Suspension System Industry

Electrification and Intelligentization are Driving the Evolution of Suspension Technologies

Compared with traditional fuel vehicles, NEVs have higher vehicle mass and changed weight distribution due to battery systems, increasing requirements for suspension load capacity, stability, and responsiveness. As a result, suspension systems are shifting toward electronically controlled and actively adjustable solutions. At the same time, domain-control-based chassis integration in intelligent vehicles is strengthening the coordination between suspension, braking, and steering systems, supporting wider adoption of advanced technologies such as air suspension. By dynamically adjusting vehicle height and stiffness, air suspension improves stability and ride comfort, and is expected to see continued penetration growth in both global and China markets.

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Performance and Technological Breakthroughs

The air suspension industry is undergoing technological and performance upgrades and is becoming a key direction in the high-end and intelligent evolution of automotive chassis systems. Advances in core components have improved response speed, energy efficiency, and ride comfort while optimizing cost structures and reducing reliance on high-spec single components. For example, dual-mode air supply systems enhance adjustment efficiency and energy saving, while innovations in materials and processes improve weight, durability, and stability. These breakthroughs have eased traditional technical constraints and lowered application barriers, supporting faster market penetration of air suspension systems.

OVERVIEW OF GLOBAL AND CHINA’S EMBODIED ROBOTICS INDUSTRY

Definition and Current Development Status of Embodied Robotics

Core Components Form Physical Entry Barriers: Embodied robots refer to intelligent systems possessing physical form, capable of perceiving, learning and executing tasks in real-world physical environments, thereby extending artificial intelligence from the digital world into the physical world. Against this backdrop, the hardware sector is committed to building the robust physical carriers that embody such intelligence, mainly divided into two major segments: upstream core components and midstream body manufacturing. The physical barrier in the industry lies in the highly precise actuation systems that emulate biological motion. In particular, joint modules, consisting of motors, reducers and rolling screws, account for the majority of the overall cost and directly determine the power output and precision of robots. Meanwhile, perception systems endow robots with the capability for refined and delicate manipulation.

Automotive Supply Chain Advantages Enable Commercialization: As critical component technologies continue to mature and industrial supply chains become increasingly integrated, the embodied robotics industry is entering a decisive breakout phase transitioning from laboratory prototypes to commercial mass production. The global embodied robotics market is expected to reach USD15.8 billion by 2030. A fundamental driver behind this growth lies in leveraging the spillover advantages of the vast NEV supply chain. Established automotive component manufacturers are able to seamlessly transfer their accumulated R&D systems and precision manufacturing expertise into the robotics sector. Their profound strengths in production consistency and engineering implementation provide a natural cross-industry advantage, which can accelerate technological iteration while substantially reducing hardware costs, thereby enabling embodied robots to overcome price barriers and evolve into universally accessible intelligent terminals for the public.

ENTRY BARRIER ANALYSIS

The above-mentioned automotive chassis system core components industry is characterized by significant and high entry barriers, primarily attributable to the following factors: **Customer Barrier:** Entering an OEM supply chain typically requires 2–3 years, capital-intensive validation process. OEMs impose stringent requirements on quality systems, R&D capabilities, and track records, and long-term collaborative development creates deep integration and high switching costs, making it difficult for new entrants to replace established suppliers in the short term. **Quality Barrier:** Safety-critical components such as braking and steering systems are subject to rigorous standards. Suppliers must obtain IATF 16949 certification, comply with ISO 26262 (ASIL-D), and meet AEC-Q requirements, alongside strict reliability and defect-rate thresholds. Failure to comply leads to immediate disqualification, with dynamic review mechanisms further raising entry barriers. **Technological Barrier:** Modern chassis systems integrate mechanical and electronic technologies, requiring optimization across lightweight design, strength, durability, and environmental adaptability while meeting OEM cost-performance targets. This depends on long-term accumulation of manufacturing and project expertise, creating significant challenges for new entrants lacking experienced teams. **Capital and Scale Barrier:** The industry is highly capital- and technology-intensive, requiring sustained R&D investment and advanced production capacity. Strong economies of scale favor leading players with high-volume, low-cost delivery capabilities, while new entrants face significant cash flow pressure during ramp-up and struggle to achieve cost competitiveness without substantial capital support.

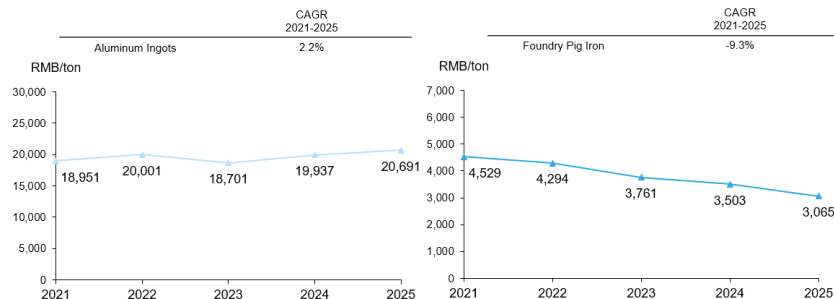
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In addition, the robotics components industry as a whole has relatively high barriers to entry, which are mainly reflected in the following factors. On the technology front, robotic motion control systems involve capabilities such as high-precision transmission, mechatronics and control algorithms. Their underlying technologies exhibit strong synergies with intelligent automotive chassis systems. This high transferability in hardware manufacturing processes and software algorithm development grants companies with Tier 1 capabilities in the automotive industry a natural advantage in technology transfer, while at the same time raising the entry threshold for new players. On the upstream supply chain front, embodied robotics and automotive components share a similar supplier base, enabling leading enterprises to leverage their existing supply networks to facilitate the procurement of key raw materials, achieving synergistic optimization in cost and delivery stability. On the downstream customer front, the embodied robotics industry is also characterized by customer concentration, long verification cycles and strong supply chain stickiness. Once a supplier enters the ecosystem of an original equipment manufacturer, a stable long-term cooperative relationship is typically formed.

CORE RAW MATERIAL PRICES ANALYSIS

The main raw materials used in the core components industry of automotive chassis systems include aluminum ingots and foundry pig iron. The average price of aluminum ingots has remained relatively stable in recent years, with fluctuations primarily driven by changes in energy costs and supply-demand dynamics. Aluminum ingot prices rose from RMB18,951 per ton in 2021 to RMB20,001 per ton in 2022, followed by a temporary correction in 2023. Thereafter, due to rising production costs and growing downstream demand from sectors such as NEVs, the average price of aluminum ingots rebounded to RMB20,691 per ton in 2025. During the same period, the average price of foundry pig iron declined from RMB4,529 per ton in 2021 to RMB3,065 per ton in 2025, primarily attributable to falling upstream raw material costs, capacity expansion on the supply side, and relatively weak downstream demand. Looking ahead, as the demand from NEVs and lightweight applications continues to expand, aluminum ingot prices are expected to maintain an overall upward trend. Likewise, amid ongoing optimization of the supply structure of the steel industry and the gradual recovery of downstream demand, foundry pig iron prices are also expected to maintain a relatively stable trend.

Average Prices of Aluminum Ingots and Foundry Pig Iron in China, 2021–2025



Source: National Bureau of Statistics, Wind, Frost & Sullivan

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct a market study on the global and China’s core components for automotive chassis systems and to prepare the F&S Report. Frost & Sullivan is an independent global consulting firm established in New York in 1961, specializing in industry research and market strategy services. We have agreed to pay Frost & Sullivan a fee of RMB438,000 for the preparation of the F&S Report. In preparing the F&S Report, Frost & Sullivan conducted extensive primary research, including discussions with certain leading industry participants regarding prevailing market conditions, as well as interviews with relevant stakeholders. Frost & Sullivan also conducted secondary research, which included reviewing company reports, independent research publications, and data drawn from its own research databases. Frost & Sullivan derived estimates of total market size through historical data analysis based on macroeconomic statistics, taking into account the key industry drivers described above. Its market engineering forecasting methodology combines a variety of forecasting techniques with a system based on market engineering measurement, and relies upon the expertise of its analyst team in integrating key market factors identified during the course of the study.

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These factors mainly include expert opinion forecasting methods, integrated market drivers and constraints, integrated market challenges, integrated market engineering measurement trends, and integrated econometric variables. The F&S Report has been prepared on the basis of the following assumptions: (i) the social, economic and political environments in the world and mainland China are expected to remain stable during the forecast period; and (ii) the key drivers relevant to the industry are likely to drive market growth during the forecast period. This section, together with other sections of this document, contains selected information extracted from the F&S Report for the purpose of providing prospective investors with a more comprehensive understanding of the industry in which we operate. Our Directors confirm that, to the best of their knowledge and after reasonable inquiry, there has been no material adverse change in the overall market information since the date of publication of the F&S Report that could materially qualify, contradict or affect such information.

REGULATORY OVERVIEW

Our business is subject to relevant laws, rules and regulations of the places where we operate in many aspects. This section sets out a summary of the PRC laws, regulations and regulatory documents (the “**PRC laws**”) that are significant to our current business activities in the PRC, which are subject to changes in the future. However, it does not include a detailed analysis of the PRC laws relating to our business activities and operations in the PRC and is not intended to be an exhaustive list of all PRC laws applicable to our operations in the PRC.

REGULATIONS RELATED TO INDUSTRIAL DEVELOPMENT

The Strategy for the Innovative Development of Intelligent Vehicles (《智能汽車創新發展戰略》) jointly issued by eleven Chinese government departments including the National Development and Reform Commission (the “**NDRC**”) on February 10, 2020, points out that by 2025, the technological innovation, industrial ecology, infrastructure, regulations and standards, product supervision and cyber security systems for intelligent vehicles with Chinese standards shall be basically formed. Large-scale production shall be reached for intelligent vehicles with conditions for autonomous driving, and market-oriented application of intelligent vehicles featured by highly autonomous driving shall be realized under specific environment. From 2035 to 2050, China’s standard intelligent vehicle system will be fully established and more complete. The vision of a safe, efficient, green and civilized power of intelligent vehicles will be gradually realized, and intelligent vehicles will fully meet the people’s growing needs for a better life.

The “National Guidelines for the Construction of the Industrial Standard System for Vehicles Connectivity (Intelligent and Connected Vehicles) (2023 Edition)” (《國家車聯網產業標準體系建設指南(智能網聯汽車) (2023版)》) were jointly revised and issued by the Ministry of Industry and Information Technology and the Standardization Administration of the PRC. The guideline primarily focuses on the universal norms, core technologies, and key product applications of intelligent and connected vehicles, aiming to establish a comprehensive standard system that encompasses the basics, technologies, products, and testing standards for intelligent and connected vehicles. The guideline will direct the National Automotive Standardization Technical Committee’s Intelligent and Connected Vehicle Subcommittee and relevant organizations to intensify their efforts in developing standards in key areas such as functional safety, cybersecurity, operating systems, and promote the dissemination and implementation of critical standards.

LAWS AND REGULATIONS RELATING TO COMPANIES

The Company Law of the PRC (《中華人民共和國公司法》, the “**PRC Company Law**”), promulgated by the Standing Committee of the National People’s Congress of the PRC (the “**SCNPC**”) on December 29, 1993, most recently revised on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the PRC Company Law.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Investment in the PRC by foreign investors are mainly governed by the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》, the “**Foreign Investment Law**”), promulgated by the National People’s Congress of the PRC (the “**NPC**”) on March 15, 2019 and came into effect on January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》, the “**Regulations for the Foreign Investment Law**”), promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020.

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Foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) (《外商投資准入特別管理措施(負面清單) (2024版)》, the “**Negative List**”), jointly promulgated by the NDRC and the Ministry of Commerce of the PRC (the “**MOFCOM**”) and came into effect on November 1, 2024. Foreign investors shall not make investments in “prohibited” industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in “restricted” industries.

LAWS AND REGULATIONS RELATING TO OVERSEAS INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), promulgated by MOFCOM on March 16, 2009, most recently revised on September 6, 2014 and came into effect on October 6, 2014, and the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》), promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the MOFCOM, the NDRC and their provincial authorities implement filing or approval management for overseas investments by enterprises, depending on the specific circumstances of the investment. Overseas investments by enterprises which involve sensitive countries and regions and sensitive industries shall be subject to approval management; other overseas investments by enterprises shall be subject to filing management.

The Catalogue of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), promulgated by the NDRC on January 31, 2018, and came into effect on March 1, 2018, listed the sensitive industries in detail.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Pursuant to the Foreign Exchange Control Regulations of the PRC (《中華人民共和國外匯管理條例》), promulgated by State Council in January 29, 1996, and most recently amended on August 5, 2008 with immediate effect, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

Pursuant to the Notice of Issues Related to the Management of Funds for Domestic Enterprises Listed Overseas (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》), issued by the People’s Bank of China and the State Administration of Foreign Exchange (“SAFE”) on December 24, 2025, and came into effect on April 1, 2026, a domestic company shall, apply for overseas listing registration with a bank within their provincial or planned single-listed city jurisdiction within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment. The funds raised by domestic companies through overseas listings may be repatriated to China or kept overseas, and their usage must be consistent with the contents disclosed in the document, [REDACTED], shareholder circulars, board of directors or shareholders’ meeting resolutions, and other publicly disclosed documents.

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LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》), promulgated by the SCNPC on January 22, 1987, most recently amended on April 29, 2021 with immediate effect, a consignee or consignor of imported or exported goods or customs broker shall register with Customs in accordance with the law when carrying out customs declaration procedures.

Pursuant to Administrative Provisions of the Customs of the PRC on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), promulgated by General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, and Notice of the Department of Enterprise Management and Audit on Matters Related to the Filing of Consignors and Consignees of Import and Export Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》), issued by General Administration of Customs and came into effect on January 3, 2023, a consignee or consignor of imported or exported goods or customs broker who applies for recordation shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

LAWS AND REGULATIONS ON LAND, PLANNING AND PROJECT CONSTRUCTION LAND

Land

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), promulgated by the SCNPC on June 25, 1986, most recently amended on August 26, 2019, and came into effect on January 1, 2020, the Implementing Regulation for the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》), promulgated by the State Council on December 27, 1998, most recently amended on July 2, 2021, and came into effect on September 1, 2021, and the Provisional Regulations of the PRC for the Grant and Assignment of the Right to Use the State-owned Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), promulgated by the State Council on May 19, 1990 and most recently amended on November 29, 2020 with immediate effect, the land in the PRC is either State-owned or collectively-owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of the land is collectively owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory term of use and scope of planned uses.

Planning

Pursuant to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》), promulgated by the SCNPC on October 28, 2007, most recently amended and came into effect on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the Central Government for a construction project planning permit.

Project Construction

Pursuant to the Construction Law of the PRC (《中華人民共和國建築法》), promulgated by the SCNPC on November 1, 1997, most recently amended and came into effect on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative

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authority under the State Council. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without conducting or passing the acceptance examination.

LAWS AND REGULATIONS RELATING TO LEASING

Pursuant to Law of the PRC on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by SCNPC on July 5, 1994, most recently amended on August 26, 2019, and came into effect on January 1, 2020, and the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and came into effect on February 1, 2011, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement. Meanwhile, pursuant to the Civil Code of the PRC (《中華人民共和國民法典》, the “**Civil Code**”), promulgated by NPC on May 28, 2020 and came into effect on January 1, 2021, if the parties to a lease contract fail to go through the formalities of registration of such contract accordance with the provisions of laws and administrative regulations, the validity of the contract shall not be affected.

Pursuant to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), promulgated by the State Council on August 3, 2002, most recently revised on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. The National Intellectual Property Administration (the “**CNIPA**”) is responsible for administering trademark registration and management nationwide.

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020, and came into effect on June 1, 2021, and Implementing Rules for the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, most recently revised on December 11, 2023, and came into effect on January 20, 2024, patent is divided in to three categories, (1) invention patent, (2) design patent and (3) utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be twenty years, fifteen years and ten years, respectively, which all

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calculated from the date of application. The CNIPA is responsible for administering patent-related work nationwide; it centrally accepts and examines patent applications and grants patent rights in accordance with the law.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated by the SCNPC on September 7, 1990, most recently amended on November 11, 2020, and came into effect on June 1, 2021, and Implementation Regulations for the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002, most recently revised on January 30, 2013, and came into effect on March 1, 2013, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

Domain Names

Pursuant Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》), promulgated by Ministry of Industry and Information Technology (the “MIIT”) on August 24, 2017, and came into effect on November 1, 2017, the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system and adopt “first-to-file” principle with respect to domain name allocation. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Laws on Environment Impact Assessment (“EIA”)

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》, the “**Environmental Protection Law**”), promulgated by the SCNPC on December 26, 1989, most recently revised on April 24, 2014, and came into effect on January 1, 2015, and the Law on Environment Impact Assessment of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002, most recently amended on December 29, 2018 with immediate effect, and Administrative Regulations on Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998, most recently revised on July 16, 2017 and came into effect on October 1, 2017, constructing entities shall complete an EIA according to the following rules: (i) for projects with potentially serious environmental impacts, an environmental impact report shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an environmental impact statement shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an environmental impact registration shall be completed. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies. Consequences of violations of the Environmental Protection Law include warnings, fines, rectification within a time limit, forced shutdown, or criminal punishment on Environment Impact Assessment.

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The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), promulgated by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017 with immediate effect regulate the procedures and standards for independent acceptance of environmental protection by construction units upon the completion of construction projects.

Pollutant Discharge Permit (“PDP”)

Pursuant to the Regulations on the Administration of Pollution Discharge Permits (《排污許可管理條例》), promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, Administrative Measures for Pollution Discharge Permits (《排污許可管理辦法》), promulgated by the Ministry of Ecological Environment on April 1, 2024, and came into effect on July 1, 2024, and Categorized Management Catalog of Pollution Discharge Permits for Stationary Sources of Pollution (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), promulgated by the Ministry of Ecology and Environment on December 20, 2019 with immediate effect, pollutant discharge entities, including enterprises, public institutions and other producers and operators, shall be subject to the key management, simplified management of PDP and pollutant discharge registration management according to the quantity of pollutants generated and discharged, the impact on the environment and other factors. Pollutant discharge entities that implement key or simplified management shall apply to the competent department of ecology and environment under the local people’s government at or above the level of city divided into districts where its production and business premises are located for PDP. Pollutant discharge entities that implement registration management do not need to apply for a PDP.

Pollution Caused by Solid Waste

Pursuant to the Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), promulgated by the SCNPC on October 30, 1995, most recently amended on April 29, 2020, and came into effect on September 1, 2020, the units which engaged in the collection, storage, utilization and disposal of hazardous wastes shall apply for the license in accordance with relevant laws and regulations. It is forbidden to provide or entrust hazardous waste to units without a license or other producers and operators to engage in collection, storage, utilization, and disposal activities.

Water pollution

Pursuant to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), promulgated by the SCNPC on May 11, 1984, most recently amended on June 27, 2017 and came into effective on January 1, 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain PDP before discharging waste water and sewage must obtain the PDP. Furthermore, environmental impact assessment must be carried out in accordance with the law for newly formed projects and reconstruction, or extensions projects that directly or indirectly discharge pollutants to water bodies and other installations on water. Water pollution prevention and control facilities should be designed, constructed and put into use at the same time as the main construction of the projects.

Atmosphere pollution

Pursuant to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》, the “**Atmospheric Pollution Law**”), promulgated by the SCNPC on September 5, 1987, most recently amended on October 26, 2018 with immediate effect, enterprises, institutions and other production and operation units shall, in accordance with the relevant national

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regulations and monitoring standards, monitor their emissions of industrial waste gases or toxic and hazardous air pollutants listed in the catalogue published according to Article 78 of the Law of the Atmospheric Pollution Law, and keep the original monitoring records. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the above-mentioned catalogue, as well as other units that implement administration of PDP in accordance with the law, shall obtain a pollutant discharging permit.

In addition, enterprises, institutions and other production and operation units constructing projects that have an impact on the atmospheric environment shall carry out EIA and make EIA documents public in accordance with the law; the units that emit pollutants into the atmosphere must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutant.

Noise Pollution

Pursuant to the Law of the PRC on Prevention and Control of Pollution From Noise (《中華人民共和國噪聲污染防治法》), promulgated by the SCNPC on December 24, 2021 and came into effect on June 5, 2022, the emission of noise and generation of vibration shall comply with the noise emission standards, the relevant ambient vibration control standards and the requirements of relevant laws, regulations and rules.

Energy Conservation Review

Pursuant to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), promulgated by the SCNPC on November 1, 1997, most recently amended on October 26, 2018 with immediate effect, the State shall implement an energy conservation assessment and audit system for fixed asset investment projects. Detailed measures shall be formulated by the department regulating energy conservation under the State Council jointly with other relevant State Council departments.

Pursuant to Measures for the Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects (《固定資產投資項目節能審查和碳排放評價辦法》), promulgated by the NDRC on July 17, 2025 and came into effect on September 1, 2025, and the Measures for the Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》) repealed by the aforementioned measures, the review opinions on energy conservation of a fixed asset investment project are an important basis for the commencement of construction, acceptance upon completion as well as operation and management of such project. For a government-invested project, the project owner shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to submitting its feasibility study report for the project. For an enterprise-invested project, the project owner shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to the commencement of construction. For a project which has not undergone the energy conservation review or fails to pass the energy conservation review, the project owner shall not commence construction, or the project shall not be put into production or use if it is already completed.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993, and most recently amended on December 29, 2018, producers and sellers shall establish and improve internal product quality management systems, and strictly implement post quality standards, quality responsibility, and corresponding assessment methods. The seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear

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indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses.

LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》, the “**Production Safety Law**”), promulgated by SCNPC on June 29, 2002, most recently amended on June 10, 2021 and came into effect on September 1, 2021, Entities engaged in production and business activities within the PRC shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, strengthen the standardization of production safety, raise production safety levels, and ensure production safety. The person in charge of a production and operation entity shall be fully responsible for the production safety of the entity. Violation of the Production Safety Law may result in (1) imposition of fines and penalties, suspension of operation, an order to cease operation, depending on the circumstances of the violation, and (2) criminal liability if the violation constitutes a crime.

LAWS AND REGULATIONS RELATING TO FIRE PREVENTION DESIGN

Pursuant to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and most recently revised on April 29, 2021 with immediate effect, for special construction projects stipulated by the Ministry of Housing and Urban-Rural Development (the “**MHURD**”) of the State Council, the construction entity shall submit the fire protection design documents to the MHURD for examination, while for construction projects other than those stipulated as special development projects, the construction entity shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire protection design drawings and technical materials which satisfy the construction needs.

Pursuant to the Interim Regulations on Administration of Examination and Acceptance of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), promulgated by the MHURD on April 1, 2020, most recently amended on August 21, 2023 and came into effect on October 30, 2023, an examination system for fire protection design and acceptance only applies to special construction projects, and for other projects, a record-filing and random inspection system would be applied.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax (the “EIT”)

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), promulgated by the SCNPC on March 16, 2007, most recently amended on December 29, 2018 with immediate effect, and the Implementation Rules of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007, most recently revised on December 6, 2024, and came into effect on January 20, 2025, a resident enterprise is subject to a EIT rate of 25% on their income derived from both within and outside the territory of PRC. A resident enterprise refers to an enterprise established in accordance with the laws within the territory of the PRC, or an enterprise established under the laws of a foreign country (or region) but with its actual management institution located within the territory of PRC.

Pursuant to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), promulgated by the Ministry of Science and Technology, the Ministry of Finance (the “**MOF**”) and the State Taxation Administration (the “**STA**”) on April 14, 2008, amended

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on January 29, 2016 and came into effect on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential EIT rate of 15% pursuant to the relevant requirements of the EIT Law.

Value-Added Tax (the “VAT”)

Pursuant to Value-added Tax Law of the PRC (《中華人民共和國增值稅法》, the “VAT Law”), promulgated on December 25, 2024, and came into effect on January 1, 2026, and the Implementation Regulations of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), promulgated by the State Council on December 25, 2025, and came into effect on January 1, 2026, entities and individuals that sell goods or labor services of processing, repair or replacement, selling services, intangible assets, or immovables, or import goods within the territory of PRC are taxpayers of VAT, and shall pay VAT in accordance with law. Unless otherwise stipulated, the VAT rate is 13% for taxpayers that sell goods, provide processing, repair and replacement services, tangible movables leasing services or import goods; 9% for taxpayers that sell transport services, postal services, basic telecommunications, buildings, or real property leasing services, sell real property, transfer land use rights, or sell or import the goods listed in the VAT Law; unless otherwise stipulated, 6% for taxpayers that sell services or intangible assets; 0% for Taxpayers that export goods or sell services or intangible assets across borders within the scope specified by the State Council.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Employment

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by the SCNPC on July 5, 1994, most recently amended on December 29, 2018 with immediate effect, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated on June 29, 2007, most recently amended on December 28, 2012 and came into effect on July 1, 2013, written labor contracts shall be executed between an employer and its employees if an employment relationship is established. Employers are required to truthfully inform their employees about their job responsibilities, working conditions, occupational hazards, remuneration and other matters with which the employees may be concerned. Employers shall pay remuneration to employees on time and in full in accordance with the commitments set forth in their employment contracts and the relevant PRC laws and regulations.

Pursuant to the Labour Law and the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), promulgated by the Ministry of Human Resources and Social Security on January 24, 2014 and came into effect on March 1, 2014, employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), promulgated by the SCNPC on October 28, 2010, most recently revised on December 29, 2018 with immediate effect, the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on January 22, 1999 and revised on March 24, 2019 with immediate effect, employers in mainland China shall provide their employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, and occupational injury insurance.

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Housing Provident Fund

Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), promulgated on April 3, 1999, most recently revised on March 24, 2019 with immediate effect, employers in mainland China shall provide their employees with housing provident fund.

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTINGS

Securities law and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》, the “**Securities Law**”), promulgated by the SCNPC on December 29, 1998, and most recently amended on December 28, 2019 and came into effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. China Securities Regulatory Commission (the “**CSRC**”) is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》, the “**Overseas Listing Trial Measures**”) together with five supporting guidelines (together with the Overseas Listing Trial Measures, collectively the “**Overseas Listing Regulations**”). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》, the “**Provision on Confidentiality**”). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2004, when our predecessor, Bethel Automotive Safety Systems, Ltd.* (蕪湖伯特利汽車安全系統有限公司), was established on June 25, 2004 in Wuhu, Anhui Province. Since inception in 2004, we have focused on R&D, manufacturing and providing of automotive intelligent chassis systems. In 2025, we applied proprietary technologies accumulated from automotive intelligent chassis system R&D and manufacturing to the promising embodied robotics industry, actively advancing the development capabilities of core components for embodied robotics products, including motors, rolling screws and robotics joint modules. After over 20 years of growth, we have become a leading automotive intelligent chassis system Chinese brand supplier.

On June 23, 2015, our Company was converted into a joint stock company with limited liability. On April 27, 2018, we completed our initial public offering of shares to the public and our A Shares were listed on the Shanghai Stock Exchange (stock code: 603596). As of the Latest Practicable Date, our Single Largest Group of Shareholders held in aggregate approximately 23.07% of our A Shares.

KEY MILESTONES

The following is a summary of our key corporate and business development milestones:

Year	Event
2004	Our Company was incorporated in the PRC
2005	Our Company’s first brake assembly entered mass production
2007	Our Company initiated its anti-lock braking system (“ABS”) and electronic stability control system (“ESC”) business operations
2008	Our Company’s ESC project was designated as a “National High-Tech Research and Development Special Project” by the National Development and Reform Commission (國家發展和改革委員會)
2009	Our Company exported the first batch of brake products overseas
2010	Our Company won the 2010 “Most Competitive” China Auto Parts Top 100 Enterprise Award
2012	Our Company’s electronic parking brakes system (“EPB”) entered mass production
2013	Our Company became the first Chinese brand suppliers to achieve mass production of ESC
2014	Our Company’s aluminum steering knuckles entered mass production
2015	Our Company was recognized as the “National Laboratory (國家級實驗室)”
2018	Our Company’s A Shares were listed on the Main Board of the Shanghai Stock Exchange (stock code: 603596)

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2019	Our Company released its self-developed wire-controlled brake systems (“WCBS”) product Our Company established a subsidiary in the United States
2020	Our Company established first overseas production base in Mexico The 100th EPB program entered mass production
2021	The first WCBS project entered mass production
2022	The advanced driver assistance systems (“ADAS”) project entered mass production Our Company acquired Zhejiang Wanda Steering Gear Co., Ltd.*(浙江萬達汽車方向機有限公司) (“Zhejiang Wanda”) and began to expand into the steering business Our Company was recognized as a “National Intellectual Property Demonstration Enterprise (國家知識產權示範企業)”
2023	Our Company began to expand into the suspension business, building comprehensive in-house R&D capabilities covering core technologies within the entire stack, from braking (“X-axis”), steering (“Y-axis”) and suspension (“Z-axis”) to intelligent driving systems The “Research and Industrialization of Key Technologies of Intelligent Driving Wire-Controlled Braking Systems (智能駕駛線控制動系統關鍵技術的研究與產業化)” won the Second Prize of Science and Technology Award from China Society of Automotive Engineers
2024	Our Company established a subsidiary in Singapore The project “Key Technologies and Applications of Research and Development of Electronic and Electrical Architecture for Intelligent Electric Vehicles and Integrated Domain Control (智能電動汽車電子電氣架構研發與集成域控關鍵技術及應用)” won the Third Prize of Science and Technology Award from China Society of Automotive Engineers
2025	Our Company released self-developed cutting-edge products including the electronic mechanical braking (“EMB”) and air suspension The WCBS 2.0 project entered mass production Our Company established an overseas production base in Morocco Our Company began to expand into the robotics business
2026	Our eighth R&D center was established in Frankfurt, Germany

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which were material to our operations during the Track Record Period:

Name of subsidiary	Date and jurisdiction of establishment	Equity interest attributable to our Group	Principal business activities
Weihai Bethel Automotive Safety Systems Co., Ltd.* (威海伯特利汽車安全系統有限公司)	December 22, 2012, PRC	100%	R&D, manufacturing and sales of automotive components and parts
WBTL DE SALTILLO, S.DE R .L. DE C.V	October 29, 2020, Mexico	100%	Manufacturing and sales of automotive components and parts
Zhejiang Wanda Steering Gear Co., Ltd.* (浙江萬達汽車方向機有限公司).	March 21, 1996, PRC	45%	R&D, manufacturing and sales of automotive components and parts
Wuhu Bethel Electronic Control Systems Co., Ltd.* (蕪湖伯特利電子控制系統有限公司).	March 30, 2007, PRC	100%	R&D, manufacturing and sales of automotive components and parts
Suining Bethel Automotive Safety System Co., Ltd.* (遂寧伯特利汽車安全系統有限公司).	December 27, 2016, PRC	100%	Manufacturing and sales of automotive components and parts
Wuhu Wanda Steering System Co., Ltd.* (蕪湖萬達轉向系統有限公司)	September 14, 2007, PRC	45%	Manufacturing and sales of automotive components and parts
Zhejiang Shuangli Automobile Intelligent Technology Co., Ltd.* (浙江雙利汽車智能科技有限公司)	December 6, 2022, PRC	65%	Manufacturing and sales of automotive components and parts

As of the Latest Practicable Date, our Company had 23 subsidiaries globally. For more details on recent changes in their share capitals, see “Appendix V — Statutory and General Information — A. Further Information about Our Group — 4. Changes in Share Capital of Our Subsidiaries”.

MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

Establishment and Early Development

On June 25, 2004, our predecessor, Bethel Automotive Safety Systems, Ltd.* (蕪湖伯特利汽車安全系統有限公司), was established as a limited liability company by Wuhu Xinyuan Investment Management Co., Ltd.* (蕪湖鑫源投資管理有限公司) (“**Wuhu Xinyuan**”) and Mr. Tian Xuesong (田雪

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

松)¹ (“Mr. Tian”), with an initial registered capital of RMB15,000,000. The capital contributions subscribed for by Wuhu Xinyuan and Mr. Tian accounted for 80% and 20% of the then registered capital of our Company, respectively.

In June 2007 and November 2011, Wuhu Xinyuan transferred 25% and 55% of the then registered capital of our Company to Mr. Gu Lei (an Independent Third Party) and Chery Technology (the then sole shareholder of Wuhu Xinyuan), respectively, following which it ceased to hold any equity interest in our Company. After such equity transfers, our Company was owned as to 55% by Chery Technology, 25% by Mr. Gu Lei and 20% by Mr. Tian.

Acquisitions of Equity Interest by our Single Largest Group of Shareholders in 2011 and 2012

On December 31, 2011, Chairman Yuan became our largest Shareholder through acquiring 25% of the then registered capital of our Company from Mr. Gu Lei, while Chery Technology’s shareholding in our Company decreased to 20% and Mr. Tian ceased to hold any equity interest in our Company following their disposals of equity interest. Chairman Yuan’s acquisition was made at a consideration of approximately RMB66.33 million, which was determined with reference to the appraised value of net assets of our Company as of December 31, 2010 of RMB265,318,300.

On December 31, 2012, Bethel Investment Management, whose executive partner is Shanghai Henglu (a company wholly owned by Ms. Pan, the spouse of Chairman Yuan)², acquired 10% of the then registered capital of our Company. The consideration was approximately RMB26.53 million, which was determined with reference to the original costs of the transferor at the time of investment.

Upon completion of the above transactions, our Single Largest Group of Shareholders held 35% of the then registered capital of our Company.

Conversion into Joint Stock Company with Limited Liability in 2015

On June 23, 2015, our Company was converted into a joint stock company with limited liability, and its name was changed to Bethel Automotive Safety System Co., Ltd. (蕪湖伯特利汽車安全系統股份有限公司). Upon completion of the conversion, the registered capital of our Company was RMB150,000,000, divided into 150,000,000 Shares with a nominal value of RMB1.00 each.

Quotation on the NEEQ and subsequent issuances in 2016

On January 21, 2016, all issued Shares of our Company were quoted for trading on the NEEQ (then stock code: 835470). No share issuance or share transfer was involved at the time of the quotation on the NEEQ.

On May 16, 2016, our Company completed the issuance of 9,870,000 Shares to Chairman Yuan and six other independent investors, and raised gross proceeds of approximately RMB125.05 million in cash. The issue price was RMB12.67 per Share, which was determined after arm’s length negotiation among the parties after taking into account, among others, the industry in which our Company operates, our growth prospects and the net assets per Share of RMB3.46 as of December 31, 2015. Upon

1 Wuhu Xinyuan was an Independent Third Party at the time of investment; and Mr. Tian is a relative of Chairman Yuan, and therefore a connected person of our Company.

2 As of the Latest Practicable Date, Ms. Pan, Mr. Chen Zhongxi (陳忠喜先生) (our executive Director) and Mr. Cai Chun (蔡春先生) (our deputy general manager) held 9.78%, 3.14% and 3.24% limited partnership interest in Bethel Investment Management, respectively, with no other limited partner, directly or indirectly (through their respective associate(s)), holding 30% or more partnership interest therein.

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completion of the issuance, the total share capital of our Company increased to RMB159,870,000, comprising 159,870,000 Shares, and our Single Largest Group of Shareholders held, in aggregate, 31.63% of the then issued share capital of our Company.

On September 29, 2016, our Company completed the issuance of a total of 207,831,000 Shares to our then existing Shareholders in proportion to their respective shareholdings by way of a bonus issue for the purpose of dividend distribution and the capitalization of our Company’s capital reserve.

Withdrawal from the NEEQ in 2017

For the purpose of preparing for a potential listing on the Shanghai Stock Exchange, the then Shareholders resolved on December 30, 2016 to withdraw from quotation on the NEEQ. On January 26, 2017, our Shares were withdrawn from quotation on the NEEQ.

As confirmed by our PRC Legal Advisors, the withdrawal from the NEEQ was duly completed and all applicable approvals have been obtained, our Company had not been subject to any disciplinary action by PRC securities regulatory authorities during the quotation on the NEEQ. Our Directors confirmed that during the quotation on the NEEQ, (i) our Company had been operating in compliance with all applicable PRC securities laws and regulations as well as rules and regulations of the NEEQ in all material respects; (ii) our Company had not been subject to any administrative penalty by the NEEQ or the CSRC; and (iii) there has not been any matter that should be brought to the attention of the Stock Exchange and the Shareholders. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause it to cast doubt on our Directors’ confirmations above.

Listing of A Shares in 2018

On April 27, 2018, our Company completed the issuance and listing of A Shares on the Shanghai Stock Exchange (stock code: 603596), pursuant to which we issued a total of 40,860,000 new A Shares at the offer price of RMB15.10 per A Share, representing approximately 10% of our then share capital, and raised gross proceeds of approximately RMB616.99 million in cash. Upon completion of the issuance, the total share capital of our Company increased to RMB408,561,000, comprising 408,561,000 Shares, and our Single Largest Group of Shareholders held, in aggregate, 28.46% of the then issued share capital of our Company.

Issuance of 2021 Convertible Bonds and Redemption

To satisfy our funding needs for the capacity expansion of lightweight automotive components and parts and other automotive parts, as well as the R&D of WCBS2.0, and to replenish working capital, on June 29, 2021, our Company completed the public issuance of convertible bonds in the principal amount of RMB902 million at a par value of RMB100 (the “**2021 Convertible Bonds**”) and the 2021 Convertible Bonds were listed on Shanghai Stock Exchange (then bond code: 113626) on July 21, 2021. The conversion period is from January 5, 2022 to June 28, 2027 with the initial conversion price as RMB36.00 per A Share, which was subsequently adjusted on multiple occasions.

On October 10, 2023, our Board resolve to exercise Company’s redemption right pursuant to the terms and conditions of the 2021 Convertible Bonds and redeem all the outstanding 2021 Convertible Bonds after close of market on October 30, 2023.

As of October 30, 2023, the 2021 Convertible Bonds in the principal amount of RMB899,173,000 had been converted into 25,266,529 A Shares, and the remaining outstanding 2021 Convertible Bonds in the principal amount of RMB2,827,000 were redeemed by our Company on October 31, 2023 at the

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price of RMB2,836,611.80. Following such conversion and redemption, the 2021 Convertible Bonds were delisted from the Shanghai Stock Exchange, and our registered share capital increased to RMB433,667,529.

Capitalization Issue in 2024

On May 20, 2024, our Company completed the issuance of 173,310,091 A Shares to our then existing Shareholders in proportion to their respective shareholdings by way of the capitalization of our Company’s capital reserve.

Issuance of 2025 Convertible Bonds

To satisfy our funding needs for the capacity expansion of lightweight automotive components and parts, WCBS, EPB and other automotive components and part, as well as the R&D of EMB, and to replenish working capital, on July 1, 2025, our Company completed the public issuance of the 2025 Convertible Bonds in the principal amount of RMB2,802 million at a par value of RMB100, which were listed on the Shanghai Stock Exchange (bond code: 113696) on July 28, 2025. The conversion period is from January 7, 2026 to June 30, 2031 (the “**Maturity Date**”) with the initial conversion price as RMB52.42 per A Share, subject to adjustments under the terms and conditions of the 2025 Convertible Bonds. The bondholders are able to exercise their right of conversion at any time during the conversion period.

The 2025 Convertible Bonds and A Shares converted pursuant to an exercise of the conversion right by bondholders are not subject to any restrictions on transfer or lock-up arrangement. The holders of the 2025 Convertible Bonds will not have any special rights which are not generally available to other Shareholders upon [REDACTED].

All outstanding 2025 Convertible Bonds as at the Maturity Date will be redeemed by our Company within five trading days from the Maturity Date, at a price of 110% of the par value (including the accrued interest thereon). Prior to the Maturity Date, all outstanding 2025 Convertible Bonds may be wholly or partially redeemed by our Company at the price of their par value plus the relevant accrued interest thereon in the event that (i) during the conversion period, the closing price of our A Shares on at least 15 trading days in any 30 consecutive trading days is not less than 130% of the prevailing conversion price, or (ii) the aggregate principal amount underlying the outstanding 2025 Convertible Bonds decreases to less than RMB30 million.

As of the Latest Practicable Date, the 2025 Convertible Bonds in the principal amount of RMB127,000 had been converted into 2,460 A Shares, and the 2025 Convertible Bonds in the principal amount of RMB2,801,873,000 were outstanding. Assuming all outstanding 2025 Convertible Bonds are converted, based on the adjusted conversion price of RMB35.16 per A Share as a result of the capitalization issue in 2026, our Company will issue 79,689,220 new A Shares, accounting for [REDACTED]% of the total number of Shares in issue immediately following the [REDACTED] (assuming the [REDACTED] is not exercised), or [REDACTED]% of the total number of Shares in issue immediately following the [REDACTED] (assuming the [REDACTED] is fully exercised).

As of the Latest Practicable Date, our Single Largest Group of Shareholders and Chery Technology held the outstanding 2025 Convertible Bonds in the amount of RMB512,431,000 and 74,727,000, which were convertible to 14,574,260 A Shares and 2,125,341 A Shares upon full conversion, respectively, based on the conversion price as of the Latest Practicable Date of RMB35.16 per A Share. In the event of full conversion of all outstanding 2025 Convertible Bonds, our Single Largest Group of Shareholders and Chery Technology shall hold 221,653,083 A Shares and 132,798,050 A Shares, representing approximately 22.68% and 13.59% of the total number of Shares on a fully converted basis as of the Latest Practicable Date, [REDACTED]% and [REDACTED]% of the total

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number of Shares in issue immediately following the [REDACTED] (assuming the [REDACTED] is not exercised), and [REDACTED]% and [REDACTED]% of the total number of Shares in issue immediately following the [REDACTED] (assuming the [REDACTED] is fully exercised, respectively). Save as disclosed above, no other core connected person of our Company directly held any 2025 Convertible Bonds as of the Latest Practicable Date.

Capitalization Issue in 2026

On May 11, 2026, our Company completed the issuance of 291,126,307 A Shares to our existing Shareholders in proportion to their respective shareholdings by way of the capitalization of our Company’s capital reserve.

Repurchase of Shares Relating to Employee Incentive Schemes

Other than the major shareholding changes in our Company as disclosed above, our Company also from time to time repurchased A Shares for employee incentive purposes. See “Appendix V — Statutory and General Information — D. A Share Employee Stock Ownership Schemes” for details of our employee incentive schemes.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Acquisition of Yubei Steering

On February 25, 2026, our Company entered into a share transfer agreement with the existing shareholders of Yubei Steering, pursuant to which each of Joyhigh Industrial Limited (峻鴻實業有限公司)³, Ningbo Fengyuan Equity Investment Partnership (L.P.)* (寧波奉元股權投資合夥企業(有限合夥))⁴, Hefei Huaxin Cloud Automotive Electronics Investment Partnership Enterprise (L.P.)* (合肥華芯雲向汽車電子投資合夥企業(有限合夥))⁵ and Hefei Industrial Investment High Growth No.1 Equity

3 As of the Latest Practicable Date, Joyhigh Industrial Limited (峻鴻實業有限公司) was wholly owned by Ms. Gou Lin (勾琳女士).

4 As of the Latest Practicable Date, Ningbo Fengyuan Equity Investment Partnership (L.P.)* (寧波奉元股權投資合夥企業(有限合夥)) was controlled and managed by Mr. Wang Yong (王勇先生), being the executive partner holding approximately 25.79% partnership interest therein, with no limited partner holding 30% or more partnership interests therein.

5 Hefei Huaxin Cloud Automotive Electronics Investment Partnership Enterprise (L.P.)* (合肥華芯雲向汽車電子投資合夥企業(有限合夥)) “Huaxin Cloud”) was managed by Qingdao Huaying Huachuang Investment Management Center (Limited Partnership)* (青島華盈華創投資管理中心(有限合夥)), “Qingdao Huaying”, being the executive partner holding approximately 0.1% partnership therein. The limited partners of Huaxin Cloud include Guangzhou Huaxin Shengjing Entrepreneurship Investment Center (Limited Partnership)* (廣州華芯盛景創業投資中心(有限合夥)), “Guangzhou Huaxin”) and Hefei Walden Huaxin Integrated Circuit Industry Investment Partnership Enterprise (Limited Partnership)* (合肥華登華芯集成電路產業投資合夥企業(有限合夥)), “Hefei Walden Huaxin”, holding 49.95% and 39.96% partnership interest, respectively.

As of the Latest Practicable Date, (i) Qingdao Huaying was managed by Qingdao Huaji Investment Management Co., Ltd.* (青島華集投資管理有限公司, “Qingdao Huaji”), being the executive partner holding approximately 11.76% partnership interest therein. Save for Ms. Wu Meng (吳夢女士) held approximately 52.94% partner interest in Qingdao Huaying, none of the remaining limited partners held 30% or more partnership interest therein; (ii) Guangzhou Huaxin was managed by Zhuhai Huaxin Quantum Consulting Management Enterprise (Limited Partnership)* (珠海華芯量子諮詢管理企業(有限合夥)), being the executive partner holding 1.00% partnership interest therein and ultimately controlled and managed by Walden Alps Investment Management Hong Kong Limited (“Walden Alps”). Walden Alps is incorporated under the laws of Hong Kong with limited liability, and is held by individual shareholders, who are Independent Third Parties; (iii) Hefei Walden Huaxin was managed by Huaxin Yuanchuang (Qingdao) Capital Management Co., Ltd.* (華芯原創(青島)投資管理有限公司), holding 0.05% partnership interest therein and being a wholly-owned subsidiary of Sakarya Limited. Save for Nantong Jiangnan Enterprise Management Partnership (Limited Partnership)* (南通江楠企業管理合夥企業(有限合夥)) holding 59.97% partnership interest, none of the remaining limited partners held 30% or more partnership interest in Hefei Walden Huaxin.

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Investment Partnership Enterprise (L.P.)* (合肥產投高成長壹號股權投資合夥企業(有限合夥))⁶ (collectively, the “**Original Owners of Yubei Steering**”), all being Independent Third Parties, conditionally agreed to transfer and our Company conditionally agreed to acquire 30.4365%, 15.0817%, 3.6364% and 1.8182% equity interest in Yubei Steering, respectively (the “**Acquisition**”). Pursuant to the supplemental agreement entered into by the parties on April 28, 2026, the considerations were RMB669,602,185, RMB331,797,815, RMB80,000,000 and RMB40,000,000, respectively. Such considerations were determined after arm’s length negotiations with reference to the value of Yubei Steering of RMB2,200 million, being determined with reference to Yubei Steering’s audited net assets attributable to the parent company as at December 31, 2025 of RMB952,165,800 and the price-to-book ratios for comparable market transactions involving acquisitions of manufacturing companies. The considerations will be settled in cash.

As of the Latest Practicable Date, the Acquisition has not been completed. Upon completion of the Acquisition, Yubei Steering will be owned as to 50.9727% by our Company and become a non-wholly-owned subsidiary of our Group⁷.

Yubei Steering is a joint stock company with limited liability established in the PRC on March 15, 2007, primarily engaged in the research, development, production and sales of automotive steering systems and key components. Its principal products, including EPS, hydraulic power steering systems and steering system components, demonstrate significant synergies with our Company’s existing automotive steering products in terms of technology, market coverage and scale. The Acquisition is expected to integrate the respective technological strengths and resources of our Company and Yubei Steering, further enrich and enhance our Company’s product portfolio in the automotive safety systems sector, and strengthen our Company’s customer service capabilities and overall market competitiveness. The Acquisition is in line with our Company’s development strategy and in the interests of our Company and its Shareholders as a whole.

On the basis that the highest applicable percentage ratio of the Acquisition is expected to exceed 25% but less than 100%, the Acquisition constitutes a major transaction under the Listing Rules. Pursuant to Rule 4.04(2) and (4), Rule 4.28 and Rule 4.29 of the Listing Rules, (a) the audited financial information of Yubei Steering for the Track Record Period in accordance with the IFRSs are set out in Appendix IB to this document; and (b) the pro forma financial information of the enlarged Group in accordance with Rule 4.28 and Rule 4.29 of the Listing Rules is set out in Appendix II to this document.

Save as disclosed above, we had not carried out any other major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

6 As of the Latest Practicable Date, Hefei Industrial Investment High Growth No.1 Equity Investment Partnership Enterprise (L.P.)* (合肥產投高成長壹號股權投資合夥企業(有限合夥)) was ultimately wholly owned by State-owned Assets Supervision and Administration Commission of the Hefei Municipal People’s Government (合肥市人民政府國有資產監督管理委員會).

7 As of the Latest Practicable Date, the other shareholders of Yubei Steering after the completion of the Acquisition include Xinxiang Xinhang Electromechanical Technology Co., Ltd.* (新鄉市新航機電科技有限公司), Hubei Dongjun Industrial and Commercial Co., Ltd.* (湖北東峻工貿有限公司), Xinxiang Juxian Enterprise Management Consulting Partnership Enterprise (Limited Partnership)* (新鄉市聚賢企業管理諮詢合夥企業(有限合夥)), Hangzhou Huaxin Yunkai Equity Investment Partnership (Limited Partnership)* (杭州華芯雲開股權投資合夥企業(有限合夥)), and Mr. Wei Baochuan (衛保川先生) each being an Independent Third Party, holding approximately 22.73%, 13.63%, 7.22%, 3.64% and 1.82% equity interest in Yubei Steering, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR LISTING OF A SHARES ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] OF H SHARES ON THE HONG KONG STOCK EXCHANGE

Since April 27, 2018, our A Shares have been listed on the Shanghai Stock Exchange. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shanghai Stock Exchange. Our PRC Legal Advisors advised us that during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause it to cast doubt on our Directors’ confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange.

Our Company seeks to be [REDACTED] on the Stock Exchange in order to advance our global expansion strategy, establish an international equity financing platform, enhance corporate governance, optimize our shareholding structure and strengthen our overall competitiveness. See “Business” and “Future Plans and Use of [REDACTED]” for details.

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Rule 8.08(1) (as amended and replaced by Rule 19A.13A(2)) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer’s total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

Our A Shares are listed on the Shanghai Stock Exchange since April 2018. Immediately upon completion of the [REDACTED] (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, assuming that the [REDACTED] is not exercised, and that there are no other changes to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]), [REDACTED] H Shares are expected to be held by the public, representing approximately [REDACTED]% of the total issued shares of our Company, which is higher than the prescribed percentage of H Shares required to be held in public hands of 10% under Rule 19A.13A(2)(a) of the Hong Kong Listing Rules, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A(2)(a)) of the Hong Kong Listing Rules.

Satisfaction of the Free Float Requirement

Rule 8.08A (as amended and replaced by Rule 19A.13C(2)) of the Hong Kong Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Hong Kong Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000; or (b) have an expected market value at the time of listing of not less than HK\$600,000,000.

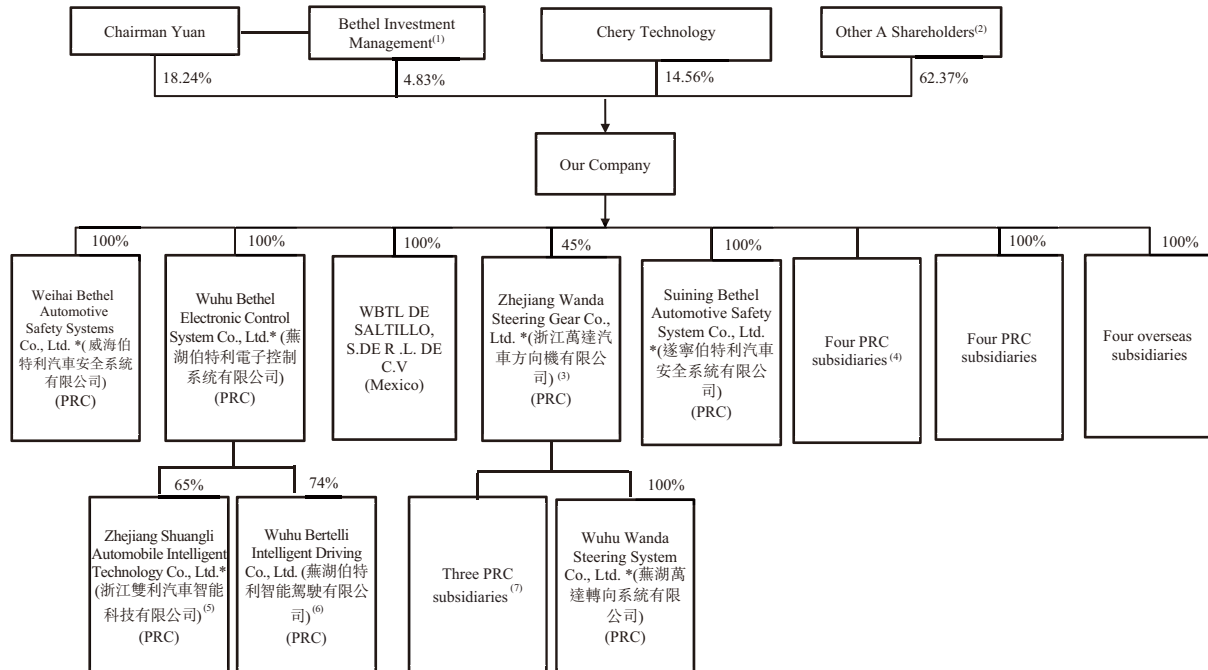
Based on an [REDACTED] of HK\$[REDACTED], being the lower end of the indicated [REDACTED], our Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C(2)) of the Hong Kong Listing Rules.

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OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure immediately before the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the [REDACTED] (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming that there are no changes to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]):



- (1) See “Relationship with our Single Largest Group of Shareholders” in the document.
- (2) Other A Shareholders’ shareholdings were relatively diversified, and none of them held 5% or more of the A Shares as of the Latest Practicable Date.
- (3) As of the Latest Practicable Date, the remaining 55% interest of Zhejiang Wanda was owned as to approximately 20.00%, 16.49%, 8.75%, 4.29%, 3.39% and 2.08% by Wuhu Ruizhi Lianneng Technology Co., Ltd.* (蕪湖瑞智聯能科技有限公司, “**Wuhu Ruizhi Lianneng**”), Zhejiang Wanda Auto Parts Co., Ltd.* (浙江萬達汽車零部件有限公司, “**Wanda Auto Parts**”), Mr. Chen Wei (陳偉先生), Ms. Hua Weijuan (華偉娟女士), Hangzhou Xinwang Enterprise Management Partnership (Limited Partnership) (杭州信旺企業管理合夥企業(有限合夥), “**Hangzhou Xinwang**”) and Ms. Chen Xiaojia (陳曉佳女士), respectively. Wuhu Ruizhi Lianneng is a wholly-owned subsidiary of Chery Technology, being our substantial Shareholder, and therefore, Wuhu Ruizhi Lianneng is a connected person of our Company. Wanda Auto Parts is owned as to approximately 42.20%, 30.00% and 27.80% by Ms. Chen Xiaojia (the supervisor of Zhejiang Wanda), Ms. Hua Weijuan and Mr. Chen Wei (a director of Zhejiang Wanda), respectively, and therefore, Wanda Auto Parts is a connected person of our Company. Hangzhou Xinwang is an Independent Third Party controlled and managed by Mr. Sun Zuming (孫祖明先生), being its executive partner and holding approximately 12.92% partnership interests, with no limited partner holding 30% or more partnership interest therein.
- (4) As of the Latest Practicable Date, the four PRC subsidiaries included (a) Wuhu Bethel Automotive Suspension Technology Co., Ltd.* (蕪湖伯特利汽車懸架科技有限公司), which was owned as to 70% by our Company and 30% by Wuhu Bocheng Enterprise Management Partnership Enterprise (Limited Partnership)* (蕪湖伯誠企業管理合夥企業(有限合夥)), being managed and controlled by Mr. Yuan Dongxing (袁東星先生), a relative of Chairman Yuan and therefore a connected person of our Company with no limited partners holding 30% or more partnership interests therein; (b) Zhejiang Bojian Transmission Technology Co., Ltd.* (浙江伯健傳動科技有限公司), which was owned as to 60% by our Company and 40% by Zhejiang Jianzhuang Transmission Technology Co., Ltd.* (浙江健壯傳動科技有限公司, “**Zhejiang Jianzhuang**”), an Independent Third Party; (c) Wuhu Bethel Drive Technology Co., Ltd.* (蕪湖伯特利驅動科技有限公司), which was owned as to 60% by our Company and 40% by Langfang Jinrun Electric Co., Ltd.* (廊坊金潤電氣股份有限公司, “**Langfang Jinrun**”), an Independent Third Party; and (d) Gongqingcheng Bojin Entrepreneurship Investment Partnership Enterprise (Limited Partnership)* (共青城伯金創業投資合夥企業(有限合夥)), which was owned as to 99% by our Company and 1% by Xiamen Zongheng Jinding Private Equity Fund Management Co., Ltd.* (廈門縱橫金鼎私募基金管理有限公司, “**Xiamen Zongheng**”), an Independent Third Party. Zhejiang Jianzhuang is owned as to 80.00% and 20.00% by

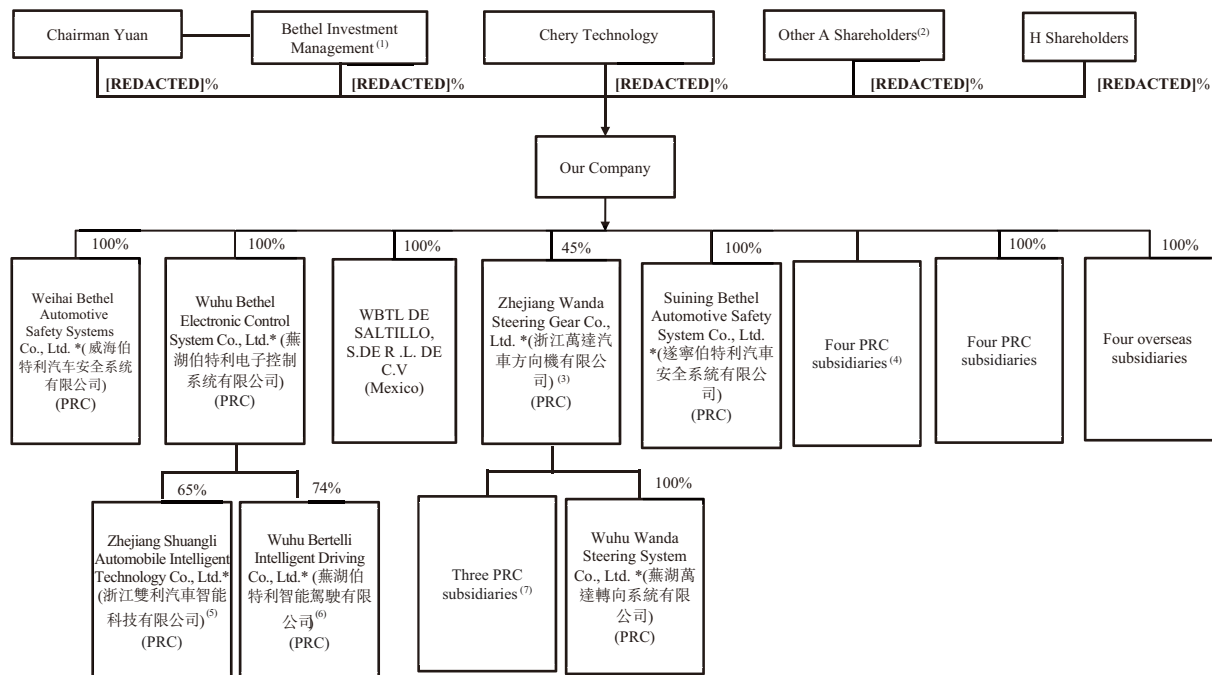
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Mr. Shen Zongjie (沈宗傑先生) and Ms. Ye Weifang (葉偉芳女士), each being an Independent Third Party. Langfang Jinrun is a subsidiary of Langfang Jinrun Technology Group Co., Ltd.* (廊坊金潤科技集團有限責任公司), which is in turn owned as to approximately 36.80% by Mr. Li Hongchao (李宏超先生), an Independent Third Party, with no other shareholder holding 30% or more equity interest therein. Xiamen Zongheng is a subsidiary of Beijing Huaxia Jinding Investment Management Co., Ltd.* (北京華夏金鼎投資管理有限公司), which is in turn owned as to 51.20% by Mr. He Fuchang (何富昌先生), an Independent Third Party, with no other shareholder holding 30% or more equity interest therein.

- (5) As of the Latest Practicable Date, the remaining 35% interest of Zhejiang Shuangli Automobile Intelligent Technology Co., Ltd.* (浙江雙利汽車智能科技有限公司) was owned by Zhejiang Geely Automotive Parts Industry Co., Ltd.* (浙江吉利汽車零部件產業有限公司), a subsidiary of Geely Automobile Holdings Limited (whose shares are listed on the Stock Exchange under stock codes of 00175 (HKD counter) and 80175 (RMB counter)) and an Independent Third Party.
- (6) As of the Latest Practicable Date, the remaining 26% interest of Wuhu Bethel Intelligent Driving Co., Ltd.* (蕪湖伯特利智能駕駛有限公司) was owned by Wuhu Borui Enterprise Management Partnership (Limited Partnership)* (蕪湖伯睿企業管理合夥企業(有限合夥)), “**Wuhu Borui**”, an Independent Third Party. Wuhu Borui is controlled and managed by Mr. Lee Ming (李銘先生), being its executive partner holding approximately 23.08% partnership interest, with no limited partner holding 30% or more partnership interest therein.
- (7) As of the Latest Practicable Date, the three PRC subsidiaries included (a) two wholly-owned subsidiaries of Zhejiang Wanda, namely Liuzhou Maidilong Technology Co., Ltd.* (柳州邁帝隆科技有限公司) and Hangzhou Maidilong Technology Co., Ltd.* (杭州邁帝隆科技有限公司); and (b) a non-wholly owned subsidiary of Zhejiang Wanda, namely Hangzhou Xinseng Automotive Systems Co., Ltd.* (杭州信盛汽車系統有限公司), which was owned as to 60%, 15%, 15% and 10% by Zhejiang Wanda, Mr. Han Funing (韓福寧先生), Mr. Kong Yimin (孔益民先生) and Mr. Sun Wangping (孫王平先生), respectively, each being an Independent Third Party.

Shareholding and Corporate Structure following the completion of the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately following the completion of the [REDACTED] (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming that the [REDACTED] is not exercised and there are no changes to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]):



For notes (1) to (7), see the details contained in the preceding page.

BUSINESS

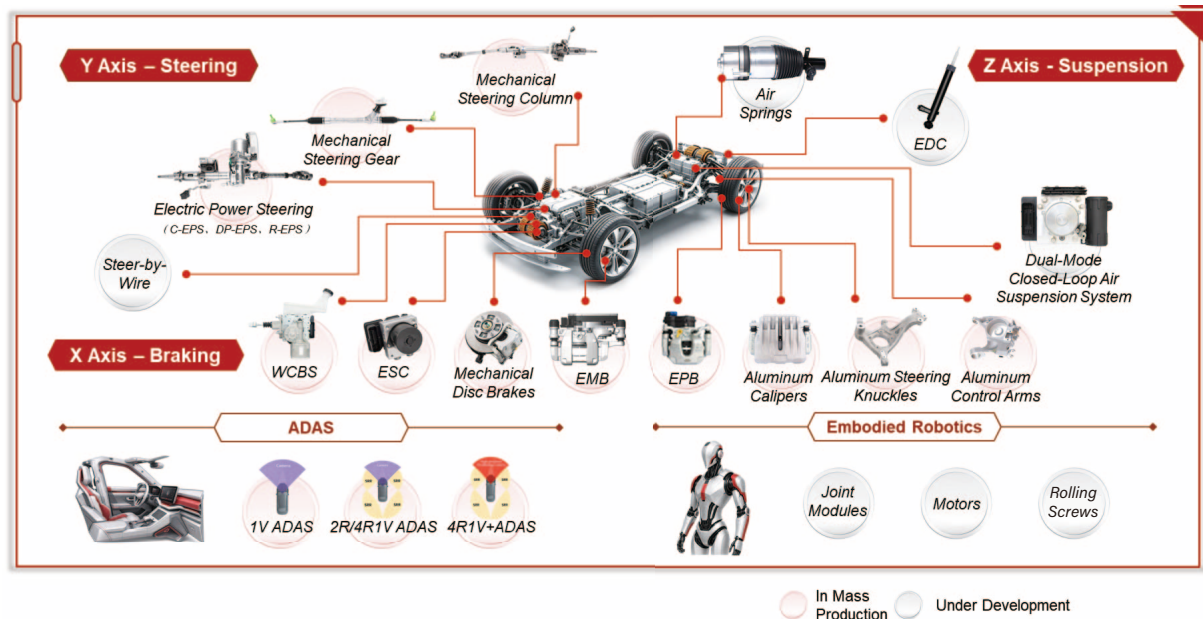
OVERVIEW

Who We Are

We are a leading automotive intelligent chassis system Chinese brand supplier. In 2025, we ranked No. 1 among Chinese brand suppliers by market share in both China’s electronic parking brakes system (“EPB”) and brake-by-wire system (“BbW”) markets, with market shares of 14.2% and 8.6%, respectively, in terms of revenue, according to F&S.

Since our establishment in 2004, we have focused on research and development (“R&D”), manufacturing and providing of automotive intelligent chassis systems. We have built comprehensive in-house R&D capabilities covering core technologies within the entire stack, from braking (“X-axis”), steering (“Y-axis”) and suspension (“Z-axis”) to intelligent driving systems. We possess end-to-end capabilities across independent R&D, system integration and validation and large-scale production. According to F&S, we are one of the few Chinese brand suppliers capable of providing full-stack XYZ-axes chassis solutions with system-level integration capabilities and among the earliest Chinese brand suppliers to achieve large-scale production and platform based deployment of core automotive intelligent chassis technologies. As automotive intelligence and electrification advance, our solutions can effectively support the translation of intelligent driving commands into stable, efficient and responsive chassis motion and control. They serve as the execution foundation for advanced autonomous driving and are critical to ensuring driving safety and ride comfort.

In addition, according to F&S, automotive intelligent chassis systems and embodied robotics share similar core technologies and strong industrial supply chain synergies. Leveraging our accumulated expertise and experience in automotive intelligent chassis systems, we are well positioned to capture opportunities from this convergence. In 2025, we applied proprietary technologies accumulated from automotive intelligent chassis system R&D and manufacturing to the promising embodied robotics industry, actively advancing the development capabilities of core components for embodied robotics products, including motors, rolling screws and robotics joint modules.



BUSINESS

Our Market Position

We are a pioneer in developing and commercializing automotive intelligent chassis core technologies in China, underscored by the following market positions. According to F&S, we are (i) the first Chinese brand and the world’s second supplier to mass-produce EPB; (ii) the world’s first supplier to mass-produce dual-control EPB system (“**D-EPB**”); (iii) the first Chinese brand supplier to mass-produce electronic stability control system (“**ESC**”); (iv) the first Chinese brand supplier to launch and mass-produce a One-box BbW; (v) the first Chinese brand supplier to mass-produce a One-box BbW with brake redundancy functionality; (vi) the world’s first supplier to achieve breakthroughs in full-dry electronic mechanical braking (“**EMB**”) technology and mass production; and (vii) the world’s first supplier to obtain the highest safety certificate, namely automotive safety integrity level D (“**ASIL-D**”), for EMB brake-by-wire systems. In 2025, we ranked No.1 among Chinese brand suppliers by market share in both China’s EPB and BbW markets.

Our R&D and Technical Capabilities

Since inception, we have consistently prioritized independent innovation. We believe technological innovation is fundamental to our long-term growth and are committed to continuously enhancing our R&D and technical strengths to refine our product portfolio and elevate product quality. Our scientific research capabilities and products have garnered numerous accolades. We have been honored as National Intellectual Property Demonstration Enterprise (國家知識產權示範企業), Anhui Provincial Science and Technology Excellent Innovation Enterprise (安徽省優秀創新型企業) and Top 100 Chinese Auto Parts Enterprises (中國汽車零部件百強企業). In 2022, we received the Innovative Team Award (創新團隊獎)¹ under the China Society of Automotive Engineers Science and Technology Award (中國汽車工程學會科學技術獎) (“**CSAE Science and Technology Award**”), one of the highest technological innovation honors in China’s automotive industry; in 2024, our wire-controlled brake systems (“**WCBS**”) 2.0H product received the Best Technology Product Award under the Automotive Industry Peak Awards at the China Automotive Industry Quality Conference (中國汽車工業質量大會 — 汽車工業巔峰獎最佳技術產品獎); in 2025, we received the Automotive Industry Peak Award from the International Automotive Quality Standardization Association (國際汽車質量標準化協會 — 汽車工業巔峰獎); and during the Track Record Period, our projects for technologies applied in our various products, including WCBS, received multiple top-three recognitions under the CSAE Science and Technology Awards. We maintain a professional R&D team. As of December 31, 2025, we employed 1,535 R&D personnel, accounting for 24.1% of our total employees. Our research and development efforts have led to continuous technological breakthroughs and product innovation, enabling us to stand out in the industry. As of the Latest Practicable Date, we held 464 granted patents in the PRC (including 124 invention patents, 333 utility models and seven design patents) and 444 domestic patent applications pending (including 354 invention patent applications and 90 utility model applications). In terms of international patents, we held 46 Patent Cooperation Treaty (“**PCT**”) international patent applications and 10 granted PCT international patents. As of December 31, 2025, we and four of our subsidiaries had been recognized as National High and New Technology Enterprises and we have participated in numerous key national and provincial and ministerial-level scientific research projects.

Our Global Expansion

We remain steadfast in advancing our global expansion strategy. Since entering international markets in 2009, our products have reached over 50 countries and regions worldwide as of the Latest Practicable Date. As of the Latest Practicable Date, we operated 17 production bases globally in, among others, Anhui, Zhejiang, Hebei, Sichuan and Shandong provinces in China, and Saltillo in Mexico. As

¹ According to the official website of the China Society of Automotive Engineers, since its establishment, the award has been granted to one team only per annum to recognize industry leaders who have achieved significant breakthroughs in overcoming technological bottlenecks and ensuring industrial chain autonomy and control.

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of the Latest Practicable Date, we operated 17 production bases globally in, among others, Anhui, Zhejiang, Hebei, Sichuan and Shandong provinces in China, and Saltillo in Mexico. In addition, we established our Morocco subsidiary in July 2025 to commence the construction of an additional production base. As of the same date, we had established eight R&D centers located in Anhui, Zhejiang, Jiangsu and Shaanxi provinces and Shanghai, China and Detroit, the United States and Frankfurt, Germany. Moreover, our wholly-owned subsidiary in Singapore, focused on investments, was formally incorporated in March 2024, further deepening our global strategic positioning. Our extensive global footprint enhances our ability to respond to global customer demands, shorten supply chain distances, support synchronized R&D with international partners, improve customer service experiences and loyalty and attract talent worldwide.

Our Financial Performance

During the Track Record Period, our revenue and profitability continued to grow. In 2023, 2024 and 2025, we recorded revenue of RMB7,195.9 million, RMB9,635.6 million and RMB11,711.7 million, respectively, representing a CAGR of 27.6% from 2023 to 2025. We achieved a profit of RMB910.7 million, RMB1,222.0 million and RMB1,320.7 million in 2023, 2024 and 2025, representing a CAGR of 20.4% from 2023 to 2025.

OUR COMPETITIVE STRENGTHS

Leader among Chinese Brand Automotive Intelligent Chassis System Suppliers

We are a leading automotive intelligent chassis system Chinese brand supplier and one of the few Chinese brand suppliers capable of integrating and mass producing automotive chassis systems with intelligent driving systems. We have over 20 years of experience in R&D, manufacturing and providing of automotive intelligent chassis systems. Through continuous independent innovation, we have established comprehensive in-house, full-stack capabilities spanning R&D, testing and validation, and end-to-end mass production, covering core technologies across the entire stack, from braking (“X-axis”), steering (“Y-axis”) and suspension (“Z-axis”) to intelligent driving systems. These capabilities have enabled us to establish strong barriers and secure our market leadership.

We are among the industry leaders in developing and commercializing core automotive intelligent chassis technologies in China. See “— Overview — Our Market Position.” We hold the following positions in technological domains: (i) the first Chinese brand and the world’s second supplier to mass-produce EPB; (ii) the first Chinese brand supplier to mass-produce ESC; (iii) the first Chinese brand supplier to launch and mass-produce a One-box BbW; (iv) the world’s first supplier to achieve breakthroughs in full-dry EMB technology and mass production; and (v) the world’s first supplier to achieve breakthroughs in closed-loop dual-mode air suspension technology and secure mass production design wins.

Through outstanding product performance and technological capabilities, we have established a solid customer base and industry reputation, achieving industry-leading market share that supports our continued development. According to F&S, we are (i) No. 1 Chinese brand supplier of automotive braking system in China in 2025; (ii) No. 3 EPB supplier in Chinese market and No. 1 among Chinese brand suppliers in 2025; (iii) No. 2 BbW supplier in Chinese market and No. 1 among Chinese brand suppliers in 2025; and (iv) No. 1 Chinese brand supplier of automotive lightweight steering knuckles in 2025.

Breakthroughs in key technologies have not only translated into our multiple industry-leading market shares, but also enabled the expansion from individual products to comprehensive intelligent chassis solutions. Supported by our ongoing R&D investment, accumulated technical expertise and diverse product portfolio, we have established a set of competencies that are not easily replicated, well

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positioning us to respond to industry trends toward increased intelligence, electrification and lightweighting. As intelligent chassis technologies enter a new stage of domain-control integration, we plan to further enhance our capabilities to provide XYZ-axes full-stack systematical solution and integration capabilities. This will provide robust support for the development of advanced autonomous driving and elevate the brand positioning and value of Chinese enterprises in the global automotive intelligent chassis industry.

Strategic Positioning in High-Growth Markets with Strong Growth Momentum

Leveraging forward-looking technological layout and comprehensive industrial chain capabilities, we have secured competitive positions in multiple high-growth blue-ocean markets, laying a solid foundation for long-term growth.

Accelerating EPB Global Expansion Unlocking New Growth Opportunities. We ranked No. 3 among EPB suppliers in China and No. 1 among Chinese brand suppliers, with a market share of 14.2% in China’s EPB market in terms of revenue in 2025, according to F&S. In May 2026, our 500th EPB project entered production. While maintaining domestic market leadership, we actively expanded overseas. The global EPB market is projected to reach RMB62.6 billion in 2026 and is expected to continue its robust growth, presenting us with substantial opportunities for overseas expansion. In December 2022, our EPB products secured the first design win from overseas OEMs. According to F&S, we are among the first Chinese brand suppliers to achieve overseas mass production of EPB products and supply such products to overseas OEMs. As of the Latest Practicable Date, our EPB products have secured multiple overseas design wins, with robust pipeline projects.

Leading Domestic Market Position in Growing BbW Sector, to Further Broaden Its Edge. With a 8.6% market share in China’s BbW sector by revenue in 2025, we ranked No. 2 among BbW suppliers in China and No. 1 among Chinese brand suppliers. Our WCBS products have been supplied to seven of China’s top ten OEMs in terms of sales volume in 2025. Our products have been installed in models of numerous automotive brands including Chery, Geely, BAIC, Changan, GAC, Dongfeng and Li Auto. BbW sector is rapidly expanding, with domestic substitution gaining strong momentum. According to F&S, in 2025, over 14 million new passenger vehicles in China were factory-equipped with EHB as standard, achieving an approximately 50% adoption rate. By 2030, BbW is projected to be factory-installed as standard in over 90% of passenger vehicles in China. From 2026 to 2030, China’s BbW sector is expected to grow at a CAGR of 18.0%. Our WCBS have not only gained a leading position in China but are also advancing globally. Our WCBS have obtained design wins from overseas OEMs, making us one of the first Chinese brands to achieve this milestone. We will commence our initial supply to the European market in 2026, with further overseas expansion to follow.

Proactively Positioning for EMB as Next-generation Technology to Secure Leading Edge. EMB completely eliminates components like brake fluid and hydraulic lines used in traditional braking systems. It delivers faster response, simpler structure and lighter weight while delivering more precise control. At the same time, increasingly stringent requirements are placed on system safety design, redundant architecture, functional safety certification and mass production capabilities. EMB represents an advanced technology solution for BbW and serves as a core supporting product for advanced autonomous driving. We completed initial prototype development and trial validation of EMB in 2023, maintaining a leading position in development progress within the industry. In 2024, we invested in the *Annual Production of 600,000 Sets of EMB: R&D and Mass Production* project, further strengthening R&D capabilities and production capacity and completed the manufacturing and testing of EMB B-samples. As of December 31, 2025, we have secured four design wins. Our EMB achieved mass production in 2026, further consolidating our competitive strengths in next-generation BbW technology.

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Steering Systems Undergoing Electronic and Steer-by-wire Upgrades, Laying the Foundation for Future Growth. We have actively expanded into electric power steering (“EPS”) sector and are advancing steering-by-wire systems (“SBW”). Following the expected completion of the acquisition of Yubei Steering (the “Acquisition”), we will leverage product synergies between our independently developed products and Yubei Steering’s existing offerings to solidify mass production capabilities for column EPS system (“C-EPS”), dual-pinion EPS (“DP-EPS”) and rack EPS system (“R-EPS”). This will further enhance our capabilities to provide comprehensive solutions for intelligent chassis, supporting high-level autonomous driving, as well as establishing a foundation for future growth.

Electronic Control Suspension System Innovation Leading the Industry. We introduced an innovative dual-mode closed-loop air supply unit solution. Integrated with self-developed electronic damper control (“EDC”) and single- and multi-chamber air spring, it enables us to provide solutions ranging from standalone components to electronic control suspension system-level offerings, with performance and costs outperforming industry peers. Our solution is designed on a closed-system architecture while enabling flexible switching to an open-system mode. It achieves higher system integration, lower energy consumption and improved noise control, while maintaining cost efficiency and delivering enhanced overall performance. We plan to achieve mass production of the electronic control suspension system in the second half of 2026 as one of the few China’s brand suppliers with integrated R&D and manufacturing capabilities for air springs, air supply units and EDC.

Capitalizing on Emerging Growth Opportunities in Robotics. According to F&S, motors and rolling screws form the foundation, and are core components, for precise motion control system in embodied robotics. These technologies are also highly aligned with those used in automotive intelligent chassis systems. As such, leveraging our technical expertise in R&D, manufacturing for automotive intelligent chassis systems, we are actively developing core robotics motion control components, such as motors, rolling screws and robotics joint modules. We have established subsidiaries dedicated to R&D in these areas to further strengthen our capabilities in embodied robotics products. As of the Latest Practicable Date, we maintained a dedicated R&D team of approximately 40 personnel, with capabilities in R&D of rolling screws, frameless torque motors and robotics joint modules. Such products generate strong synergy with our existing business and are well positioned for accelerated growth as robotics applications gain traction. Our proven automotive component R&D, supply chain management and mass production capabilities, quality system and technological advancements in motion control algorithms provide us unique advantages in robotics component development, which is expected to become a key growth driver.

Comprehensive Product Portfolio and Solution Synergies Enhancing Customer Value and Operational Efficiency

Leveraging our full-stack technological foundation across braking, steering, suspension and intelligent driving systems, together with capabilities spanning core component design, system integration and cross-domain coordination, we have built a comprehensive product portfolio as of the Latest Practicable Date. In the field of XYZ-axes chassis domain control which requires multi-system deep coordination, we have established a clear generational lead.

We have long-standing experience in braking systems with full-chain technological breakthroughs from mechanical braking and electronic braking to BbW. We possess core technologies and design expertise across the entire product portfolio. We were among the earliest Chinese brand suppliers to commercialize mechanical disc brake technologies and subsequently developed strong advantages in calipers, lightweight chassis components and other mechanical braking products, laying a robust foundation for our R&D in EPB, ESC and other electronic control products. Our ESC development builds on (i) accumulated technical know-how in anti-lock braking system (“ABS”) and (ii) proprietary

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capabilities in precision components, such as solenoid valves and printed circuit board assemblies (“PCBA”). The development of ESC has enabled us to develop deep expertise in related hardware design capabilities, hydraulic system precision modulation technology, vehicle dynamics control algorithms and system construction capabilities that meet functional safety requirements. Such technological accumulation has laid a solid foundation for our next stage of BbW R&D initiatives. In 2021, we became the first Chinese brand supplier to achieve mass production of a One-box BbW. Building on our extensive experience in mechanical braking, EPB and BbW technologies, we have developed a suite of core technologies, including lightweight, low-drag caliper design, noise, vibration and harshness (“NVH”) optimization and motor clamping-force control algorithms. Together with our established and comprehensive bench-testing and vehicle-level validation framework, these capabilities serve as the technological foundation for advancing our EMB R&D process. In March 2026, we achieved mass production of full-dry EMB.

Our broad product portfolio enables system-level synergies across XYZ-axes chassis systems, supporting performance optimization, cost efficiency and customer value: (i) ***synergy within braking systems***. ESC and EPB integration reduces the need for a separate EPB controller and supports coordinated braking functions, optimizing system architecture, efficiency and safety. In addition, WCBS integrates D-EPB control functions, providing both driving brake backup and parking brake functions, while reducing electronic control units (“ECU”) and wiring complexity. This enhances system reliability and performance and has become an industry leading and widely adopted solution; (ii) ***synergy between braking and steering systems***. WCBS precisely modulates brake torque to support NVH optimization and can implement individual wheel braking to provide safety redundancy in the event of steering system failures; and (iii) ***synergy between braking and suspension systems***. Through WCBS algorithm optimization and cross system integration, we reduce the number of sensors and controllers required for suspension systems, lowering system costs while improving response speed.

We provide offerings from individual components to integrated system-level solutions, with the capability to deliver multi-product, multi-system development for a single vehicle model. This allows us to accurately meet diverse customer needs across intelligent chassis and driving applications, while reducing coordination complexity and improving development efficiency. Our system-level integration capability supports customer engagement and new design wins. Meanwhile, our expanding portfolio breadth increases our per-vehicle value coverage and expands both the depth and breadth of our customer base, supporting revenue diversification. Combined with cost optimization and operating leverage from cross-product technological synergies, these strengths enhance our business stability, risk resilience and overall profitability.

Agile and Efficient Services Forging Strong and Sustainable Customer Loyalty

Guided by the principle of customer proximity, we strategically allocate production capacity and R&D resources. Our headquarters, branches, and subsidiaries across China, including Anhui, Shandong, Hebei, Sichuan and Zhejiang provinces and Shanghai, leverage their respective geographical advantages to provide localized supply and timely response to regional customers. Our Mexico production base and North American R&D center effectively serve the North American market, while we established our Morocco subsidiary in July 2025 and Frankfurt research center, which commenced operations in 2026, further extending our reach into Europe. This approach shortens supply chains, facilitates closer R&D collaboration and improves responsiveness to global customers. Simultaneously, our capability for synchronized development and design enables earlier involvement in new vehicle platform development and delivery of customized innovative solutions. Backed by our product quality and service capabilities, we served nine of China’s top ten OEMs and eight of the world’s top ten OEMs, in terms of sales volume in 2025, reflecting our high-quality customer base and long-standing, stable partnerships.

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We have earned recognition from major OEMs and industry participants, supporting our brand reputation and customer relationships. We continue to secure new design wins in North American and European markets, demonstrating our global competitiveness. We have received customer recognitions including “Outstanding Supplier” and “Technical Innovation Award” from Chery, Geely, Changan, GAC, as well as from international leading OEMs, such as GM. We have been granted with over 20 awards granted by OEM customers in 2025 alone. During the Track Record Period, three of our subsidiaries, namely, Bethel Electronics, Bethel Weihai and Wanda Steering were recognized as a Specialized, Refined, Distinctive, and Innovative Small Giant Enterprise (專精特新小巨人企業) by the Ministry of Industry and Information Technology (“MIIT”). We were consecutively selected for the Top 100 Chinese Automotive Parts Enterprises and honored with awards under the CSAE Science and Technology Awards.

Vertical Integration and Precision Management Developing Cost and Efficiency Edge

We have independently established a comprehensive and self-sufficient end-to-end manufacturing system, covering production stages from casting and machining to assembly. This enables full process control and disciplined quality and cost management across production stage.

Our in-house design and R&D capabilities extend to products, production lines and selected manufacturing equipment. This vertical integration from process to product empowers us to proactively manage costs through continuous iteration and upgrade of product architecture, production techniques and workflow efficiency. Core components are manufactured in-house, while non-core components are produced partly in-house and partly outsourced, balancing quality control, cost management and resource allocation. In-house production of core components supports product quality and cost control. Outsourcing certain non-core components allows us to focus resources on higher value-added core components and assemblies.

We have implemented intelligent industrial software systems, including manufacturing operations management systems (“MOM”) for manufacturing, product lifecycle management systems for R&D and intelligent cloud-based warehouse and supplier management systems to support digitalized manufacturing and refined operational management. We adhere to the principles of promoting specialized and localized supply chain layout and continue to enhance management in raw material procurement, inventory control and logistics. This approach shortens product production cycles, accelerates supply speed and improves asset turnover efficiency.

Visionary and Experienced Management Team

Mr. Yuan Yongbin, our Chairman and General Manager, is a renowned expert in the braking systems industry. Preceding the founding of our Group, Chairman Yuan held technical positions for years at globally renowned braking systems companies. Beyond his roles within our Group, Chairman Yuan currently serves as a member of the National Technical Committee for Automotive Standardization (全國汽車標準化技術委員會委員). He has previously served as an expert for the China Working Party of the United Nations World Forum for Harmonization of International Vehicle Regulations (C-WP29) and a member of the Brake Committee of the China Association of Automobile Manufacturers (中國汽車工業協會制動器委員會成員). Under Chairman Yuan’s leadership, we have consistently advanced in independent R&D of core technologies and the development of in-house manufacturing capabilities. Over the years, Chairman Yuan has led us in making sound decisions regarding key technological R&D directions and business development strategies, leading us to become an industry leader.

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Other members of our management team possess nearly twenty years of experience in the automotive components industry, with extensive expertise in project management and corporate governance. Our management team, with deep market insight and a forward-looking global perspective, accurately assesses industry cycles and the stages of corporate development. Under its leadership, we have successfully seized strategic market opportunities, navigated industry volatility and achieved sustained growth in a highly competitive environment.

OUR STRATEGIES

Deepen Innovation and Advance Commercialization of Chassis XYZ-axes Systems, Building an Integrated Wire-controlled Chassis System

We remain committed to independent innovation and continue to invest in R&D for new products and technologies in chassis XYZ-axes control to accelerate product updates and iterations. We also continue to advance innovation and product development across mechanics, electronic control and brake-by-wire technologies. Mechanical braking products represent one of our mature and core businesses with a sizable and growing business scale and ongoing project inflow. The business segment requires continuous R&D investment and product design and technology upgrades around several key directions, including low-drag, NVH performance and lightweighting. Our EPB and WCBS products continue to demonstrate strong growth momentum. Leveraging our customer base and vehicle applications, we will continue R&D investment and product iteration and upgrade to expand our market share and consolidate our technological leadership. Concurrently, we are advancing the mass production capabilities of EMB as next-generation products, for which we have started mass production in March 2026. We will continue to allocate resources to accelerate commercialization of such pioneering products, enhance R&D and commercialization of DP-EPS, R-EPS and SBW, and further improve our steering system matrix. We are advancing our suspension business layout closely aligned with our chassis integration strategy. We established an in-house team in 2023 to initiate independent R&D and production of electronic suspension products. Our electronic suspension products demonstrate strong technological advantages and cost efficiency and have secured multiple design wins. They are expected to enter mass production in the second half of 2026. We plan to further strengthen our core technological capabilities in key suspension components, including air springs, EDC and air supply units, and advance the commercialization of electronic controlled suspension system.

While we continue to invest in R&D across the actuator in X-axis, Y-axis and Z-axis, we have also allocated resources to develop automotive chassis domain control systems and are advancing an integrated wire-controlled chassis system. These efforts aim to meet OEMs’ increasing demand for system integration by leveraging our accumulated expertise across XYZ-axes, as well as our software, hardware and system integration capabilities. Such initiatives are expected to simplify the vehicle electrical/electronic (“E/E”) architecture, improve whole vehicle development efficiency and enhance vehicle performance, while addressing key requirements of advanced autonomous driving, including precise control, millisecond-level response times and system redundancy. At the algorithm level, we plan to consolidate control algorithms across X-axis, Y-axis and Z-axis into the chassis domain controller and continuously optimize such algorithms to enhance the safety, precision and comfort of overall automotive motion control. At the hardware level, we aim to facilitate coordination and integration among braking, steering and suspension systems.

Uphold and Advance Global Expansion

Since our entry into the international market in 2009, we have consistently and proactively advanced our global expansion strategy. We have expanded our overseas presence by establishing localized manufacturing and R&D capabilities, enabling us to better address differentiated needs of customers across various regions. We have gradually built a global operating network to support our

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“Close to Customers, Fast around the Globe” strategy. Looking ahead, we plan to further advance our global capacity and operational footprint, with North America, Europe and Southeast Asia as our key overseas markets. Each region is expected to achieve differentiated localized development, while collectively forming a coordinated global manufacturing network to enhance operating efficiency and development into a global automotive intelligent chassis system supplier.

In terms of manufacturing, following the commencement of mass production at our Mexico production facility in 2023, we have continued to expand our overseas production footprint. Leveraging our established presence in North America, newly secured design wins from European customers, as well as our assessment of overseas market trends, we have established a subsidiary in Morocco to commence the construction of a local manufacturing facility, which will better serve overseas customers. As a next step, we plan to establish a manufacturing facility in Southeast Asia to support the overseas expansion plans of our key customers and meet their requirements for localized production and dynamic supply chain responsiveness.

In terms of R&D, we established a Detroit-based R&D center in 2019 to support product development and customer requirements in North America, and our Frankfurt R&D center has commenced operation in 2026. These R&D platforms are expected to strengthen our coverage in North America and Europe, shorten response and supply cycles for local customers and enhance cross-regional collaboration. Through these efforts, we aim to deepen customer relationships, support the global expansion of Chinese OEM customers and attract new customers globally.

In terms of products and customers, we have established stable cooperative relationships with a number of leading international OEMs. As of December 31, 2025, we had cumulatively secured more than 100 overseas design wins. We have implemented a quality management system compliant with internationally recognized standards, including IATF 16949:2016 and ISO 9001:2015. Such certifications cover R&D and manufacturing processes of multiple products. Our relevant products also comply with applicable European Union regulations and technical standards. Our lightweight chassis components, EPB products and WCBS products have secured multiple overseas design wins and entered mass production, while international OEMs have expressed strong interest in our steering system and EMB products. Going forward, we plan to continue promoting these products in overseas markets, in particular, Europe and North America.

Steadily Expand Production Capacity and Upgrade Manufacturing Processes, Leveraging Digitalization to Empower Intelligent Manufacturing

With the development of automotive intelligence, electrification and lightweighting trends, coupled with the domestic substitution momentum, Chinese brands are poised to seize historic development opportunities. Based on design wins and market forecasts, we will advance production capacity expansion for braking, steering and suspension systems and other products to better meet market demand.

To support capacity expansion and ensure product quality, we prioritize production line upgrades and process innovation. We will continue strengthening automation and advancing production bases modernization by increasing investment in intelligent and advanced equipment and deploying integrated information systems such as intelligent production management systems, enterprise resource planning systems (“ERP”) and warehouse management systems. This will further improve production efficiency and optimize processes. The integration of such digital systems enables refined, digital management across the entire production chain, ensuring high consistency and traceability from customer demand and production scheduling to manufacturing, warehousing and delivery.

Expand into Embodied Robotics

We believe that embodied robotics has a broad range of application scenarios and substantial potential market demand. The embodied robotics industry exhibits a high degree of similarity with the automotive and components industries in customer base, supply chain and core technologies and is

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highly synergistic with our automotive intelligent chassis system solution business. Accordingly, we are committed to seizing the historic opportunities presented by the era of embodied intelligence, deepening our strategic layout in the embodied robotics sector and cultivating a second growth curve, with the objective of becoming a key supplier of core robotics components and integrated solutions.

Our strategy is implemented in phases. In the initial phase, we plan to focus on algorithm development of motion control systems and in-house development of key components for embodied robotics, including rolling screws and frameless torque motor. We also plan to progressively establish development and mass-production capabilities for robotics joint modules, including rotary joints and linear joints. We aim to possess the R&D and manufacturing capabilities of complete embodied robotics motion systems. In the medium- to long-term phase, building upon the above foundations and technological capabilities, we intend to advance the R&D and manufacturing of complete embodied robotics systems at an appropriate time.

We have progressed with initial strategic steps: (i) in 2025, we established two subsidiaries to develop and industrialize core robotics components, mainly rolling screws and motors, supporting R&D for the key components applied in braking, steering, suspension and robotics; (ii) we established a dedicated industrial fund and plan, during the initial phase of our strategy, to make minority equity investments in upstream and downstream enterprises along the embodied robotics industry chain. In 2025, we completed an investment of RMB50 million in Reeman Intelligent Technology (Beijing) Co., Ltd. (睿爾曼智能科技(北京)有限公司), a company specializing in ultra-lightweight embodied robotics arms; and (iii) we completed a capital injection of RMB35 million into Anhui Mojia Zhichuang Robotics Technology Co., Ltd. (安徽墨甲智創機器人科技有限公司). Going forward, we plan to continue deepening our presence in the robotics sector through joint ventures, collaboration, independent R&D, and strategic investments.

Focused Growth in Core Business with Selective Investments and Integration

Guided by the principle of optimizing capital utilization efficiency, we will selectively pursue suitable investment opportunities in China and overseas. We will focus on strengthening and refining our industrial chain in intelligent chassis and autonomous driving, while exploring emerging fields such as embodied robotics that offer synergies with our core business. We will participate through capital investments, joint ventures and collaborations to further diversify our product and technology portfolio and reinforce competitiveness. We believe our extensive industry experience and insights will enable us to identify and assess suitable opportunities. As of the Latest Practicable Date, aside from the foregoing, we have not formally entered into any formal written agreement.

Commitment to ESG and Sustainable Development

In environmental management and technological innovation, we plan to continuously increase R&D investment, concentrating on development and mass production of lightweight chassis components and BbW. Such products directly contribute to automotive energy efficiency and emission reduction, while enhancing the driving range of new energy vehicles.

We actively adopt clean energy and lightweight materials to reduce carbon emissions throughout the product lifecycle. We will also innovate production processes and management practices, invest in environmental equipment like coolant filtration, wastewater treatment, and dust/noise reduction systems and optimize energy management. We will further expand photovoltaic power generation applications and increase the use of renewable electricity to support our environmental objectives.

In terms of social responsibility and talent development, we consider talent as a vital force for independent innovation and core competitiveness. We plan to continue recruiting outstanding talents and fostering a supportive work environment through initiatives such as equity incentives and employee support programs. We aim to continuously elevate our ESG practices through robust governance, ongoing environmental improvements, and the fulfillment of social responsibilities.

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OUR PRODUCTS

We are a leading automotive intelligent chassis system Chinese brand supplier. We specialize in R&D, manufacturing and providing mechanical braking products, intelligent electronic control products and mechanical steering products. We focus on providing automotive intelligent chassis system solutions and are committed to achieving an integrated and synergistic business across braking, steering, suspension and intelligent driving systems. As of the Latest Practicable Date, our product portfolio mainly consists of the following: (i) our mechanical braking products primarily include mechanical disc brakes and calipers and lightweight chassis components; (ii) our intelligent electronic control products primarily include EPB, BbW (comprising WCBS and EMB), EPS, ADAS and ESC; and (iii) our mechanical steering products primarily include mechanical steering columns, mechanical steering intermediate shaft and mechanical steering gears. Our diversified products enable us to supply automotive OEMs with adaptabilities across different vehicle categories and technical configurations. Our main business model involves collaborating with customers to determine technical solutions, followed by a bidding process and conducting customized development and mass production for specific vehicle models and platforms. Leveraging our accumulated technical specialties, we are able to deliver tailored and integrated solutions to each automotive OEM customer. In addition, we are expanding into core components of robotics motion control systems, such as motors, rolling screws and robotics joint modules, benefiting from our technical expertise in precision manufacturing for automotive intelligent chassis system.

The following table below sets forth a breakdown of our revenue by business segment during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Mechanical braking products . .	3,348,526	46.5	4,427,473	45.9	5,144,981	43.9
Intelligent electronic control products	3,276,860	45.5	4,507,786	46.8	5,826,441	49.7
Mechanical steering products . .	480,634	6.7	556,507	5.8	570,912	4.9
Others ⁽¹⁾	89,831	1.3	143,785	1.5	169,373	1.5
Total	7,195,851	100.0	9,635,551	100.0	11,711,707	100.0

(1) Others mainly included spare parts and molds.

The table following below sets forth a breakdown of our sales volume and average selling price (“ASP”) by business segment during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	<i>unit or set⁽¹⁾</i>	<i>RMB/unit or set</i>	<i>unit or set⁽¹⁾</i>	<i>RMB/unit or set</i>	<i>unit or set⁽¹⁾</i>	<i>RMB/unit or set</i>
Mechanical braking products (units)	15,885,889	210.8	20,578,287	215.2	22,704,830	226.6
Intelligent electronic control products (sets)	3,722,849	880.2	5,212,024	864.8	7,027,747	829.1
Mechanical steering products (sets)	2,332,547	206.1	2,886,515	192.8	3,042,261	187.7

(1) Some of our mechanical braking products are sold and measured in units, while other products are in measured sets.

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Mechanical Braking Products

Since establishment, we have been dedicated to mechanical braking products and we have established long-term relationships with numerous OEMs. Our mechanical braking product portfolio primarily consists of (i) mechanical disc brakes and calipers; and (ii) lightweight chassis components.

Mechanical Disc Brakes and Calipers

Mechanical disc brakes can be divided into hydraulic and pneumatic disc brakes depending on the power source. Mechanical disc brakes apply pressure from a hydraulic or pneumatic system to the caliper. Upon receiving this pressure, the caliper moves a push rod to press the brake pads against the brake disc, generating friction that slows or stops the disc. We primarily focus on hydraulic disc brakes, including front disc brake assemblies and rear integrated disc parking brake assemblies mainly for passenger vehicles.

We also supply directly to OEMs calipers which are core components of mechanical disc brakes. We have developed a comprehensive caliper portfolio covering multiple product types, including single-cylinder and dual-cylinder calipers. Our ability to independently develop, manufacture and market core components enables us to effectively manage production costs and enhances our pricing competitiveness. It also allows us to expand our sales channels and customer base. Supported by our technical capabilities and efficient low-drag product design, as of the Latest Practicable Date, our mechanical disc brakes and calipers have established a solid customer base, have been supplied for mass production in over 200 different vehicle models.

The table below sets forth our representative mechanical disc brakes and calipers and advantages.

Product Series	Representative products	Core product advantages
Mechanical Disc Brakes		Low-drag design: Achieves near-zero drag, helping to improve energy efficiency and reduce consumption.
Calipers		Broad adaptability across vehicle types: Comprehensive product matrix with strong capabilities to support a wide range of vehicle categories, including new energy vehicles (“NEVs”). High reliability: Delivers reliable performance to enhance overall safety.

Lightweight Chassis Components

With the overall development of the automotive industry toward electrification, intelligence and lightweight, as well as increasingly stringent national fuel consumption and emissions standards, the lightweight automotive components have become a key industry trend and growing requirement for chassis systems. This demand is particularly strong in NEVs. We began developing lightweight chassis components as early as 2012 and commercialized our first aluminum lightweight project in 2014. As of the Latest Practicable Date, our lightweight chassis component products primarily consist of (i) aluminum steering knuckles; (ii) aluminum control arms; and (iii) aluminum calipers.

According to F&S, we are the first Chinese brand supplier to successfully produce lightweight chassis components using the differential pressure casting process, which supports our abilities to develop high-performance lightweight products. This process enhances the internal density, mechanical

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strength and dimensional precision of castings. It is also particularly suitable for key automotive components such as steering knuckles and small-size control arms with high performance requirements. Our lightweight products are primarily sold to overseas OEM customers. Following the commencement of operations at our Mexico facility, which focuses on the production of lightweight chassis components, we are meeting strong demand in North America. As of the Latest Practicable Date, we have secured multiple overseas lightweight design wins, including collaborations with several well-known North American OEMs, for which we serve as the exclusive supplier.

The table below sets forth our representative lightweight chassis components and advantages.

Product Series	Representative products	Core product advantages
Aluminum Steering Knuckles		Significantly lighter: Approximately 30%–40% lighter than traditional cast-iron components.
Aluminum Control Arms		Better corrosion resistance: Naturally rust-proof, ensuring longer part life in harsh environments.
Aluminum Calipers		Enhanced driving experience: Lower unsprung mass allows wheels to react faster to the road, giving the driver sharper steering and a much smoother, more controlled ride that improved overall vehicle driving range and braking effectiveness.

Intelligent Electronic Control Products

Automobiles have evolved toward smarter, electric and lightweight vehicles. In particular, growing market demand for NEVs and intelligent driving has led to greater use of electronic control systems in automobiles. Our strategically early deployments in intelligent electronic control products, particularly electronic braking and BbW, have become an important driver of revenue growth in recent years. As of the Latest Practicable Date, our intelligent electronic control products primarily included (i) EPB; (ii) BbW, comprising WCBS and EMB; (iii) EPS; (iv) ADAS; and (v) ESC.

EPB

EPB replaces conventional mechanical parking brake components, such as hand levers and cables, with electronically controlled mechanisms. A complete EPB typically comprises EPB calipers and ECU as control unit. Our EPB mainly adopts a caliper-integrated architecture, under which ECU is directly integrated into ESC or BbW. This integrated system removes the need for a separate ECU. By simplifying wiring and reducing the number of components, this design lowers structural redundancy and overall vehicle weight. The system communicates with engine management system and electronic stability devices via a controller area network (“CAN”) bus, enabling electronic parking functions. Compared with conventional mechanical braking systems, this system offers more stable and reliable performance, enhancing overall vehicle safety.

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Our continuous innovation in EPB design has set industry benchmarks in terms of performance, reliability and application scale. We are not only the first Chinese brand supplier and the world’s second supplier to mass-produce EPB, but also one of the world’s first suppliers to mass-produce D-EPB. In addition, we have pioneered the use of advanced algorithms to replace traditional physical sensors, enabling a more intelligent and precise hill-start assist function. With over a decade of development, our EPB products not only feature proprietary control algorithms, but also demonstrate technical advantages such as low noise, high transmission efficiency and low-drag performance. These strengths have supported broad customer adoption and extensive application across multiple vehicle models. In 2025, our EPB products have achieved a market share of 14.2% in terms of revenue, ranking No. 1 among Chinese brand suppliers.

The table below sets forth our representative EPB products and advantages.

Product Series	Representative products	Core product advantages
EPB		Safer and more intelligent driving experience: Leveraging proprietary intelligent control strategies, our products enhance transmission efficiency and delivers a safer and more intelligent driving experience for users. Broad adaptability across vehicle types: Supported by mature product development and mass production capabilities, EPB can be applied across diverse vehicle types, including internal combustion engine, electric and hybrid vehicles.
D-EPB		Pioneering dual-control redundant architecture tailored to NEVs’ stringent safety requirements: Adopting a dual-control redundant architecture with independent controllers, our D-EPB replaces the conventional mechanical parking lock (“P gear”) used in NEVs. This design significantly enhances parking safety under various operating conditions, while enabling OEMs to reduce additional R&D and production costs associated with other extra structures. Compliance with leading international standards: In compliance with applicable international regulatory standards, including ECE R13H and GB 21670, our products support high levels of functional safety and regulatory compliance.

BbW

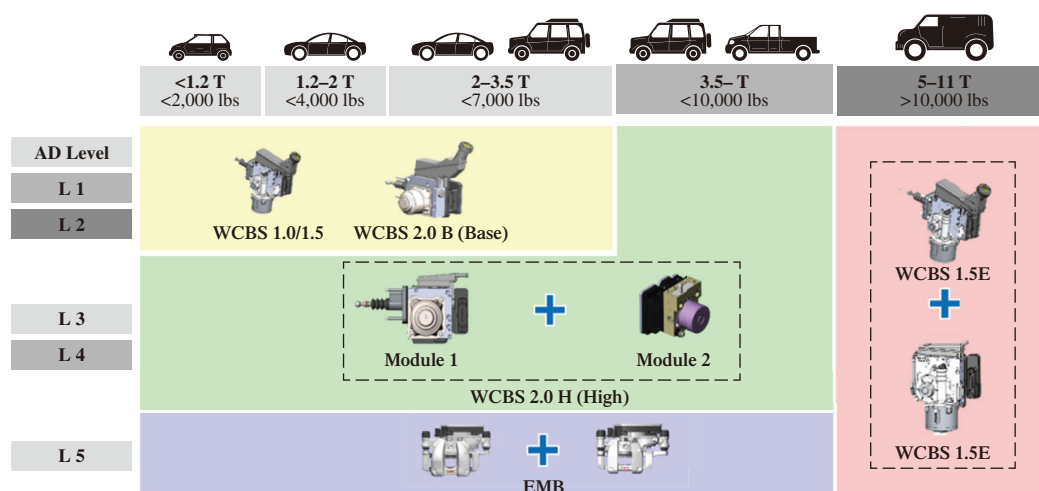
BbW primarily follows two technological pathways: EHB and EMB. Our BbW has progressively evolved from WCBS under the EHB technology route toward EMB, representing the next-generation of brake-by-wire technology.

Our WCBS deeply integrate traditional hydraulic braking components with modules such as electric drives and sensors, using an electric motor to assist braking and separate wheel braking from pedal input. This design effectively shortens braking distance, enhances control precision and improves

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driving safety. Specifically, our WCBS detects brake pedal movement through sensors, converts it into pressure signals using algorithms and controls the electric drive to apply braking force. Through the intelligent electronic control structure, our WCBS offers faster response capabilities, with braking established in less than 200 milliseconds under most circumstances and supports advanced driver-assistance features such as autonomous emergency braking. In July 2019, we became the first Chinese brand supplier to independently develop and launch a One-box WCBS product. In June 2021, we became the first among Chinese brands to mass-produce the One-box WCBS brake-by-wire product, breaking the dominance of overseas suppliers in this segment. Our mass-produced WCBS product integrates EPB control functions and adopts a dual-system design, providing redundant braking and parking functions, which enhances safety and reduces system cost. We are the first braking system supplier to introduce the dual-system design, which has become the industry standard, according to F&S. Furthermore, the decoupling characteristic of WCBS between the pedal and the wheel end allows for not only customizable pedal feel but also energy regeneration functionality in NEVs, improving vehicle driving range.

The following roadmap illustrates our key BbW products, their corresponding SAE autonomous driving (“AD”) levels and applicable vehicle models.



Our current WCBS products consist of versions 1.0, 1.5 and 2.0. Version 1.5 reduces cost and improves performance compared with version 1.0, while version 2.0 adopts a redesigned transmission mechanism and a more compact architecture. As of the Latest Practicable Date, our EMB achieved mass supply in March 2026 and we are the world’s first supplier to achieve breakthroughs in full-dry EMB technology and its mass production. This not only represents a significant innovation in the domestic automotive industry but also demonstrates our forward-looking technology strategy and execution capabilities on a global scale. The key features of each generation of BbW products are summarized below:

- WCBS 1.0 and WCBS 1.5:** Our WCBS 1.0 and WCBS 1.5 share a similar architectural design, while WCBS 1.5 adopts more cost-effective components, enabling it to deliver comparable product performance at a lower cost. Specifically, they both adopt a One-box architecture. The system replaces the traditional vacuum booster structure with electronic control, which integrates core functions such as vacuum booster, electronic vacuum pump, master cylinder and ESC into a single module. The system also adopts a decoupled design, enabling greater energy recovery for NEVs. These features improve braking safety and response efficiency while reducing system complexity and manufacturing costs and

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improving energy utilization efficiency and driving range. Within the WCBS 1.5 series, we also offer WCBS 1.5E, which is specifically designed for heavy-load vehicles. To support higher load and operational requirements, WCBS 1.5E is installed in pairs, with the two sets operating in tandem to collectively support the braking and driving needs of heavy-load vehicles. With a dual-unit configuration, the WCBS 1.5E series also supports L3+ advanced autonomous driving functions. Our WCBS 1.0 and WCBS 1.5 have been widely adopted by domestic and international OEMs, demonstrating our mature mass production capability.

- **WCBS 2.0:** As our next-generation brake-by-wire platform, WCBS 2.0 effectively upgrades transmission mechanism for better efficiency, coupled with a more compact structure, enhancing vehicle layout flexibility performance, and platform adaptability. WCBS 2.0 has developed into differentiated technological pathways. In particular, WCBS 2.0B optimizes spatial layout and crash performance, while significantly enhancing braking response. It also introduces features such as drag reduction and brake pedal wake-up, which reduce energy consumption and simplify system design. Meantime, WCBS 2.0H is designed for more advanced application scenarios. It adopts a fully decoupled, scalable dual-control redundant architecture comprising two modules, which collectively ensures that pedal feel and ABS functionality remain unaffected in the event of a failure in any control unit. It also supports extended braking and stability functions, as well as additional features such as zero drag and system monitoring capabilities. These features enhance safety, reduce cost and support higher levels of L3 and above autonomous driving.
- **EMB:** As a next-generation brake-by-wire product meeting requirements of advanced level of autonomous driving operations, our EMB product is supported by proprietary structural design patents independently developed by us. It delivers faster response, simpler structure and lighter weight, representing advanced solution for BbW technology. Our EMB product completely eliminates traditional braking components such as brake fluid and hydraulic pipelines and achieves full electronic control. Braking force is generated directly by electric motor-driven actuators at each wheel. This design aligns with the development trend toward intelligent and electric vehicles. We completed initial prototype development and trial validation of EMB in 2023, maintaining a leading position in development progress within the industry. In March 2026, we are the first supplier to start mass production for full-dry EMB.

EPS

EPS is a power steering system that uses an electric motor to assist steering. It adjusts steering assistance in real time based on driving conditions and driver input. We have independently developed a brushless EPS. Through software control, it provides precise steering support under different driving conditions, enhancing vehicle handling and safety. Compared with traditional systems, our brushless EPS offers better energy efficiency and faster response.

As of the Latest Practicable Date, our brushless EPS has been applied in multiple vehicle models and has built a stable customer base. Our EPS portfolio covers multiple product types. Our C-EPS products entered mass production in 2014 and have since been widely adopted. Following the expected completion of the Acquisition of Yubei Steering, we will leverage product synergies between our independently developed products and Yubei Steering’s existing offerings to establish full-scale mass production capabilities for C-EPS, DP-EPS and R-EPS. Building on this, we will further advance the development and deployment of rear-wheel steering and SBW technologies, expanding coverage across diverse vehicle platforms and application scenarios.

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The table below sets forth representative products and advantages of our and Yubei Steering’s EPS products.

Product Series	Representative products	Core product advantages
Our C-EPS		Compact and cost-efficient design: The C-EPS integrates the assist motor and reduction gearbox directly onto the steering column, resulting in a compact structure and enabling cost efficiencies for customers. Adoption of advanced technologies: It incorporates brushless motors and advanced worm-and-gear transmission technologies, delivering appropriate steering assistance under various driving conditions, including high-speed driving and low-speed maneuvering, thereby enhancing driving safety and stability. Energy-saving and environmentally friendly: It meets the energy efficiency and environmental requirements of both new energy vehicles and passenger vehicles.
Yubei Steering’s DP-EPS.		Dual-pinion architecture: DP-EPS adopts a dual-pinion architecture, in which one pinion is connected to the steering shaft for driver input and the other is connected to the motor for assist. This configuration enables the assist function to operate through an independent transmission path, resulting in more refined steering feel, quicker responses and improved compatibility with advanced driving functions. Integrated electronic control and motor architecture: A pioneer in adopting an integrated electronic control and motor architecture, which is compatible with ASIL-D compliant functional safety design and fully supports L3+ advanced AD scenarios. Full lifecycle stable operation: The transmission system features flexible helical gear matching and advanced backlash compensation, ensuring smooth, low-NVH performance throughout the lifecycle.

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Product Series	Representative products	Core product advantages
Yubei Steering's R-EPS.		Motor power directly applied on the rack: R-EPS applies motor assistance directly to the steering rack, providing direct push-and-pull force corresponding to steering inputs. This architecture enables higher output load, improved steering precision and more linear control characteristics, making it suitable for heavier vehicles and facilitating advanced control algorithms. Integrated electronic control and motor architecture: Pioneer in the adoption of integrated electronic control and motor architecture which is not only compatible with ASIL-D compliant functional safety design but fully support L3+ advanced AD scenarios. Advanced performance with more cost-effective solutions: Equipped with high-precision ball screw mechanism, optimized to reduce friction and noise while enhancing load capacity and durability.

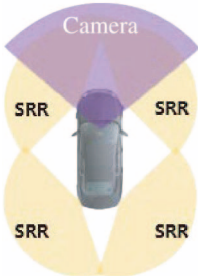
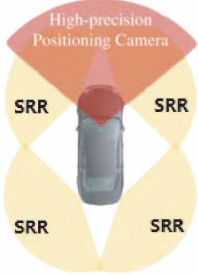
ADAS

Built around a forward-facing camera and integrated with multi-sensor inputs such as corner radars, our ADAS perceives the road, surrounding objects and driving conditions. It works with the braking and other actuation systems to form a closed loop process from perception and decision-making to execution, enabling intelligent driving assistance functions.

We began focusing on vision-based ADAS technology in 2019 and achieved mass production in 2022. We have developed three mature product solutions, namely, 1V, 2R/4R1V and 4R1V+ configurations, all of which adopt a single forward-facing camera and compatible with corner radars. These solutions support Level 2 to Level 2+ intelligent driving requirements. Our products cover diverse needs from mainstream passenger vehicles to premium models and are applicable to urban roads, highway and congested traffic conditions, with broad application coverage across vehicle models. Our ADAS products incorporate advanced technological architectures to enhance overall performance and reliability. As of December 31, 2025, our ADAS products have been applied to nearly 50 mass production projects, demonstrating established commercial deployment capability.

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The table below sets forth our representative ADAS products and advantages.

Product Series	Representative products	Core product advantages
1V ADAS	 <i>monocular camera + forward-facing radar</i>	• Compliance with international standards: Meeting European Intelligent Speed Assistance regulatory requirements as well as information security requirements. • Cost-effective Solutions: Targeted at entry-level ADAS applications, offering cost-effective solutions and suitable for basic driver assistance functions.
2R/4R1V ADAS . . .	 <i>monocular camera + two/four corner radars</i>	• Lane-change and safety functionalities: Enabling lane-change functions and a range of safety features based on corner radar integration. • Enhanced perception capabilities: Providing improved environmental and road perception, supporting cruise assistance and enabling functions such as road recognition and lane change detection.
4R1V+ ADAS	 <i>monocular camera + four corner radars + high-definition map</i>	• Highway Autopilot support: Embedded with Autopilot functions for highway driving, enabling stable and reliable operation under high-speed conditions. • High-precision positioning enabled by integrated architecture: Incorporates visual signal-based positioning within a streamlined domain controller architecture, reducing structural complexity and cost.

ESC

ESC is designed to monitor vehicle stability during high-speed lane changes and turning. It helps maintain vehicle stability and traction by coordinating braking force and engine power. ESC can effectively reduce the risk of vehicle instability. An ESC mainly consists of an ECU and a hydraulic control unit. ECU collects data from sensors (including wheel speed, steering angle and vehicle motion) and assesses the vehicle’s condition. When the system detects potential instability, it adjusts braking

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force at each wheel and controls engine power output. These two controls are coordinated to maintain vehicle stability. We are the first Chinese brand in China to achieve mass production of ESC, according to F&S. Our ESC is compatible with a wide range of hydraulic braking vehicle models.

The table below sets forth our representative ESC products and advantages.

Product Series	Representative products	Core product advantages
ESC		Low-noise performance with compact design: The solenoid valves adopt linear control, delivering superior NVH performance, while the compact axial design facilitates efficient integration and packaging within the vehicle chassis. Broad adaptability with enhanced safety and cost efficiency: Supported by mature mass-production capabilities, the system can be adapted to diverse vehicle models and driving conditions, enabling cost efficiencies while enhancing vehicle handling safety and driving comfort.

Mechanical Steering Products

Our current mechanical steering products mainly include (i) mechanical steering columns, (ii) mechanical steering intermediate shaft and (iii) mechanical steering gears. The steering column primarily serves to connect the steering wheel with the steering gear. The mechanical steering intermediate shaft transmits steering input from the steering wheel to the steering gear via the steering column. The steering gear converts rotational torque into lateral movement to control wheel direction.

Our mechanical steering column products support multi-directional adjustments and comply with Chinese national safety collision regulatory standards. Our mechanical steering intermediate shaft products support up to 120 Nm torque and are suitable for a wide range of vehicle models, including NEVs. They also support salt spray corrosion resistance testing, ensuring normal operation over extended periods, even under harsh conditions.

Our mechanical steering gear products adopt lightweight integrated die-casting technology, featuring a simplified structure and enhanced rigidity. These products deliver assist force of up to 11,000 N and incorporate a clearance compensation mechanism, which helps improve NVH performance. As of the Latest Practicable Date, our mechanical steering products were supplied to more than ten large and medium-sized OEMs domestically and internationally. Following completion of the scheduled Acquisition of Yubei Steering, we expect to further diversify our product portfolio by incorporating its manufacturing capabilities for hydraulic power steering systems, which utilize hydraulic assistance to reduce steering effort. Yubei Steering’s hydraulic power steering products primarily include recirculating ball steering systems (“**RCB**”) and hydraulic rack-and-pinion steering systems (“**HRP**”), which represent two different structural approaches to providing hydraulic assistance. RCB typically delivers assistance through hydraulic pressure applied within the steering gear, while HRP provides assistance through hydraulic pressure acting on both sides of the rack within the steering assembly.

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The table below sets forth our representative mechanical steering products and advantages.

Product Series	Representative products	Core product advantages
Our Mechanical Steering Column .		Four-way adjustability: Equipped with a four-way adjustable mechanical steering column platform, incorporating friction-based and toothed locking mechanisms to enhance driving convenience and ergonomic comfort. Enhanced driving safety: Backed by multiple patented collision safety technologies, it provides stable and reliable energy absorption performance, strengthening occupant protection in the event of a collision.
Our Mechanical Steering Intermediate Shaft.		Forward-design capabilities: Full-dimensional forward design and development capabilities, with a product portfolio covering mainstream technology routes, including injection-molded and steel-ball sliding types. Cold extrusion forming technologies: Breakthroughs in precision cold extrusion forming technologies for inner and outer shafts, with high-precision machining and manufacturing capabilities for core production-line processes.
Our Mechanical Steering Gear . . .		Independent developed structure: Independently developed high-performance rack and pinion steering gear. Improved transmission efficiency: Effectively improves the transmission efficiency of traditional mechanical rack and pinion steering gears.
Yubei Steering’s RCB		Proprietary Core Transmission Design Breakthrough wear-resistant sector gear and rack meshing technology, with all key force transmission components independently designed and developed in-house, ensuring enhanced durability and performance stability.
Yubei Steering’s HRP		High Precision and Enhanced Driving Performance Features low noise, lightweight structure, minimal clearance, precise steering control and strong return performance, ensuring improved responsiveness and driving stability.

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Embodied Robotics Products

Our established expertise in design and mass production of automotive intelligent chassis components provides strong synergies for the development of robotics motion control systems. According to F&S, the technologies applied in robotics motion control systems are highly aligned with those used in automotive intelligent chassis systems, which represent our core focus. This overlap enables significant technological transferability across both hardware manufacturing processes and software algorithm development. For instance, our accumulated expertise in electronic control algorithms and precision mechanical engineering, particularly those developed and applied in our EPB and BbW, is readily adaptable to robotics component R&D and manufacturing. In addition, the two industries share a similar supplier base, allowing us to rely on our established supplier network to facilitate sourcing of key raw materials. Accordingly, leveraging our existing technology, manufacturing, quality control and supply chain capabilities, we are expanding into embodied robotics products.

Specifically, we focus on (i) motors, (ii) rolling screws and (iii) robotics joint modules, which form the core of robotics motion control systems. Motors generate rotational power, rolling screws convert it into linear motion and robotic joint modules integrate motors, transmission components (such as rolling screws or reducers) and sensors into a unified actuation unit. The coordinated operation of multiple joint modules under a centralized control system enables precise and stable multi-axes movement.

We have progressed with initial strategic steps: (i) in 2025, we established two subsidiaries to develop and industrialize robotic components, mainly rolling screws and motors, supporting R&D for the key components applied in braking, steering, suspension and robotics; (ii) we established a dedicated industrial fund and plan, during the initial phase of our strategy, to make minority equity investments in upstream and downstream enterprises along the embodied intelligence industry chain. In 2025, we completed an investment of RMB50 million in Reeman Intelligent Technology (Beijing) Co., Ltd. (睿爾曼智能科技(北京)有限公司), a company specializing in ultra-lightweight embodied robotic arms; and (iii) we completed a capital injection of RMB35 million into Anhui Mojia Zhichuang Robotics Technology Co., Ltd. (安徽墨甲智創機器人科技有限公司). As of the Latest Practicable Date, we have established standardized design platforms covering motors, rolling screws, as well as motion control algorithms related to robotics planetary, harmonic, and cycloidal motion control modules, applicable to both robotics rotary and linear joints modules. This platform supports efficient product development and cost control.

Motors

The permanent magnet alternating current motors currently deployed in our automotive intelligent chassis systems and those used in robotics applications are based on the same technology platform, enabling us to rapidly leverage our design and application experience. To address the specific structural and performance requirements of robotics motion control systems, we are actively developing a motor portfolio tailored to different conditions, with varying torque, power and size configurations.

Rolling Screws

Leveraging our precision manufacturing and quality control capabilities, we are developing rolling screws, primarily comprise ball screws, planetary roller screws and miniature screws, as key transmission components for robotics linear motion systems. Our rolling screw products are expected to utilize rollers or balls as rolling elements and to feature low friction, high transmission efficiency and high precision.

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Robotics Joint Modules

The modular and integrated design of our BbW products, along with key features such as precise power control, smooth operation and real-time intelligent monitoring, closely aligns with the performance requirements of robotics joint modules. Expanding from this accumulated expertise, we are actively developing joint module solutions for robotics applications. Our robotics joint pipelines primarily include (i) rotary joint modules, which serve as core motion units and enable precise motion control and structural support and (ii) linear joint modules for precise linear motion and force control.

OUR KEY TECHNOLOGIES

Technological strength lies at the core of our leadership in the automotive intelligent chassis system sector and has been instrumental to our success to date. Leveraging our robust R&D capabilities, we closely align with the needs of mainstream OEM customers, continuously enhancing product safety and reliability. In line with the automotive industry’s shift toward intelligence and electrification, and the increasing focus on software-defined vehicles, we have taken the lead in deploying key technologies and building next-generation technology reserves. Benefiting from our continuous investment in R&D, a number of our products have pioneered mass production firstly globally or domestically ahead of competitors. Consequently, we have established a robust technological foundation across the XYZ-axes of automotive intelligent chassis system, underpinned by a portfolio of proprietary technologies with high entry barriers. In addition, through integrated control of by-wire chassis systems, we can achieve enhanced performance and lower cost. Going forward, we plan to leverage strong synergies between the automotive components and robotics industries to strategically extend our automotive component technological advantages into the emerging field of embodied robotics products. Set forth below is some of our representative key technologies accumulated in each area:

X-axis Braking System Key Technologies

We have established a clear and continuous technology roadmap in the braking systems domain, evolving from EPB to WCBS and ultimately to EMB. Through this progression, we have built a comprehensive technology portfolio covering mechanical, electro-hydraulic and fully by-wire braking technology paths. We have established as a scalable first-mover advantage in braking system technologies.

At the electro-mechanical braking stage, our EPB is developed based on a standardized actuator design. At the actuator level, EPB adopts a highly integrated monoblock caliper design, in which the parking drive motor assembly is deeply integrated with a lightweight caliper. In addition, our EPB adopts multi-stage clamping control technology (多段加緊控制技術) and hold pressure support hydraulic power steering functions, enabling flexible adaptation to various vehicle models and applications. This integrated and lightweight design effectively reduces system mass and wiring complexity and supports subsequent upgrades toward BbW.

With the transition to BbW, our braking technology has achieved a critical shift from mechanical and hydraulic to electric drive. Our WCBS is built on a highly integrated architecture that combines sensing, control algorithms, brake boosting, electric actuation and hydraulic modules. Braking pressure is generated directly by the motor, enabling complete decoupling between the brake pedal and wheel-end hydraulic pressure. Compared with conventional solutions, this architecture significantly reduces reliance on traditional vacuum and hydraulic components, enhances safety, enables software-defined brake pedal feel, and improves NVH and energy recovery.

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Currently we are advancing toward the next-generation BbW technology, namely, EMB. EMB eliminates hydraulic pipelines and relies entirely on electronic signal transmission and electric motor actuation to control braking force, delivering significant benefits in structural simplification, weight reduction and faster response. Our EMB adopts a redundant distributed control architecture centered on a central control unit (“CCU”). Through a dual main-backup control unit configuration and high-speed controller area network flexible data-rate, an enhanced in-vehicle communication protocol (“CAN-FD”), this architecture enables real-time data exchange and cross-validation for enhanced reliability and safety. With multiple layers of signal and communication redundancy, our solution enables independent and precise braking force control for each wheel. Our EMB employs an integrated caliper with a ball-screw actuation mechanism and a gear reduction system that replaces traditional worm-gear solutions. This configuration achieves higher transmission efficiency and faster response, while reducing mechanical losses and improving durability.

Y-axis Steering System Key Technologies

Upon completion of the proposed Acquisition of Yubei Steering, we will integrate our accumulated technological strengths in BbW, EPS and mechanical steering systems with Yubei Steering’s long-standing expertise in steering, establishing the following core technology capabilities in the Y-axis steering field.

In motor and electronic control, Yubei Steering possess key control capabilities for steering systems, ensuring stable and reliable performance across operating conditions while meeting international ISO standards and stringent requirements of OEMs. Functions such as pull-drift compensation (跑偏補償) and speed-dependent return-to-center (速度回正) improve vehicle controllability and enhance driving experience and safety. At the same time, we are proactively developing integrated electronic control and hydraulic systems for commercial vehicles.

In precision mechanical structure design and manufacturing, Yubei Steering have well-established capabilities in R&D and production of core steering components. Its steering systems feature wear-resistant, low-noise and high-load structural designs, worm-and-gear backlash adjustment (蝸輪蝸桿間隙調整) and durable low-noise steering gear solutions, supporting smooth operation over extended service life. These technologies further enhance steering accuracy and vehicle handling stability, supporting the trend toward the passenger-vehicle-like performance of commercial vehicles.

Z-axis Suspension System Key Technologies

We have introduced innovative suspension products, including a dual-mode closed-loop air suspension system and an EDC based on a sensor-fusion architecture. Our air suspension products include a dual-mode closed-loop air supply unit and air springs. The dual-mode closed-loop air supply unit integrates controller, air compressor and distribution valve into a single module, enabling faster suspension adjustment and improved NVH performance, while also supporting advanced functions such as active lateral support and external air discharge. In addition, we possess in-house R&D capabilities for single- and multi-chamber air springs, allowing us to provide complete air suspension system solutions. Our EDC is the first to adopt a sensor-fusion approach integrated with brake control unit, which reduces design complexity and cost, facilitating broader EDC adoption. While ensuring ride comfort, integration with the brake controller effectively reduces signal communication latency.

In addition, through proprietary development and manufacturing of solenoid valves, we have expanded low-speed damping force adjustment range, improving vehicle roll and pitch control and significantly enhancing handling stability and driving safety. By independently developing and manufacturing key components such as air supply units, solenoid valves, control software and controllers for EDC, we effectively control the cost of electronically controlled suspension products.

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We expect to commence mass production of electronically controlled suspension products in the second half of 2026. According to F&S, we are one of the few domestic suppliers with comprehensive system capabilities covering closed-loop air supply units, air springs and EDC.

Robotics Key Technologies

Stemming from our accumulated technological expertise in automotive intelligent chassis systems, we have extended our R&D capabilities into robotics to further diversify and strengthen our growth drivers. As of the Latest Practicable Date, we maintained a dedicated R&D team of approximately 40 personnel, with capabilities in R&D of rolling screws, frameless torque motors and robotics joint modules.

At the technology implementation level, we are advancing the integrated development of robotics motion control systems to address industry pain points associated with traditional robotics components, such as bulky size, slow response and insufficient precision. This enables seamless integration and coordinated optimization of motors, rolling screws and robotics joint modules. In parallel, we are actively advancing the technologies in key robotics components, including (i) high power and torque density design of frameless torque motors; (ii) long-life and wear-resistant processes for precision rolling screws with micro-level transmission accuracy; and (iii) highly integrated packaging technologies for robotics joint modules. As of the Latest Practicable Date, we have filed five intellectual property applications relating to our robotics technology advancements.

RESEARCH AND DEVELOPMENT

Our robust and comprehensive R&D capabilities constitute the cornerstone of our enduring competitive advantage and solidify our industry leadership. Guided by our core strategy of innovation-driven development, we have built an R&D ecosystem featuring a strong central platform, coordinated multi-site innovation and a global presence. This structure enables a full-cycle innovation process from early exploration of cutting-edge technologies to end-to-end industrial commercialization tailored to the needs of our OEM customers. Combined with our well-established system of internal incentives and external policy support, our R&D platform empowers us to achieve continuous breakthroughs across automotive intelligent chassis systems. In particular, we possess synchronous R&D capabilities across our full product portfolio. This allows us to design tailored products for diverse vehicle types and collaborate closely with OEMs throughout R&D processes.

We promote a multi-tiered talent incentives and steadily increase R&D investment, providing sufficient resources for R&D. Our R&D team covers hardware and software, including mechanical and electronic engineering, software, algorithms, AI simulation and functional safety. As of December 31, 2025, we had approximately 1,535 R&D personnel, accounting for 24.1% of our total workforce. During the Track Record Period, our R&D expenses amounted to RMB449.8 million, RMB575.5 million and RMB605.5 million in 2023, 2024 and 2025, respectively. Our R&D efforts have yielded continuous technological breakthroughs and product innovations. As of December 31, 2025, we and four of our subsidiaries successfully obtained the national high-tech enterprise certification and we have participated in numerous key national- and provincial and ministerial-level scientific research projects.

Our R&D Centers

We are a National Enterprise Technology Center (“國家級企業技術中心”) granted by the National Development and Reform Commission. As of the Latest Practicable Date, we have established eight R&D centers worldwide. Among them, six domestic R&D centers are located in Anhui, Zhejiang, Jiangsu and Shaanxi provinces and Shanghai in China. The Wuhu General R&D Center (“**General R&D Center**”) at our headquarters coordinates the overall technology strategy, forward development of

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core technologies and products and R&D platform establishment. The General R&D Center formulates and disseminates standardized technical standards, development processes and core algorithms to regional R&D centers, ensuring consistent product standards and quality. In particular, the Testing and Inspection Center of our General R&D Center has been accredited by the China National Accreditation Service for Conformity Assessment, enabling us to independently conduct major tests from product design to production. Our other five domestic R&D centers also leverage their respective geographical advantages to focus on different research priorities generating strong synergies.

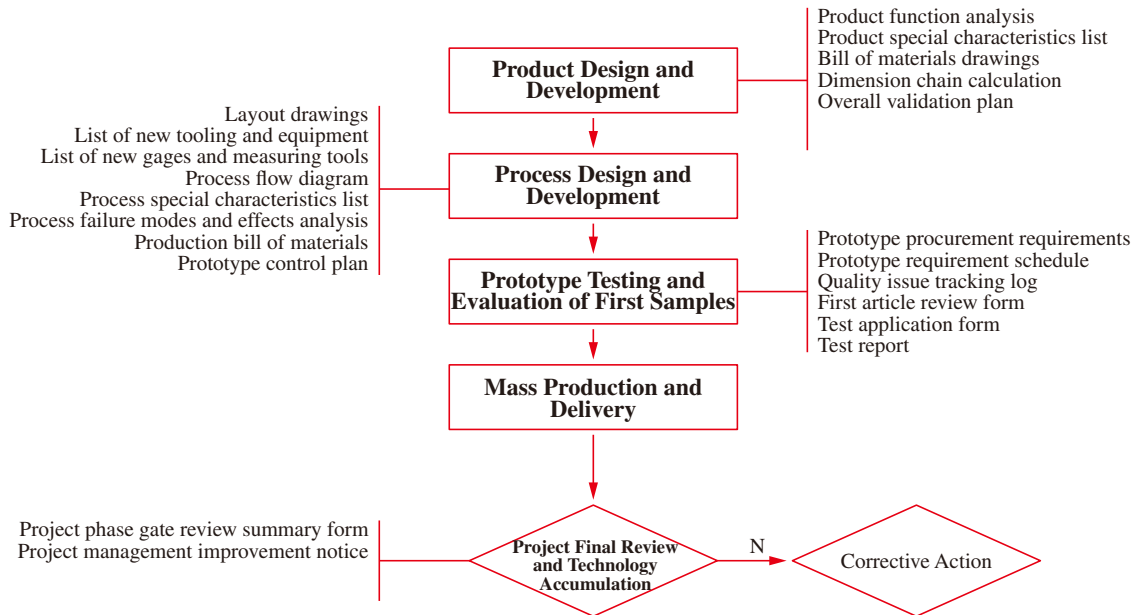
To support our global expansion strategy, other than the six domestic R&D centers, as of the Latest Practicable Date, we have established oversea R&D centers in Detroit, United States and Frankfurt, Germany, respectively, to better serve local customers’ differentiated needs and ensure compliance with oversea product safety standards. Collectively, our overseas and domestic R&D centers can achieve cross-regional technology cooperation. In particular, (i) our Detroit R&D Center focuses on advanced automotive technologies in North America such as mechanical design, electronic hardware, optics and foundational software. It provides an international perspective for our technology strategy and supports internationally renowned OEM customers in North America; and (ii) our Frankfurt R&D Center, newly in operation in 2026, focuses mechanical design and electronic hardware, primarily serving European OEM customers. It conducts in-depth research into European technical standards targeted chassis technology development, further enhancing our brand presence in Europe.

Our R&D Model

We mainly adopt a customer-driven synchronous R&D model characterized by the establishment of close collaborations with our major domestic and international OEM customers throughout the R&D process. We engage early with OEM customers in new vehicle development and collaborate with their R&D teams from product definition, design, development and verification to mass production, enabling a seamless connection for each key stages of product development chain. Depending on project scope and complexity, our R&D process generally takes six to 24 months from project initiation to final customer acceptance. This proactive strategy is underpinned by our customized production capabilities standardized processes and flexible adaptation mechanisms enables us to deliver optimal performance, controlled costs and short development and delivery cycles. The ownership and right to use of the intellectual property generated from such activities are typically stipulated in contractual arrangements. OEM customers usually obtain the right to use the achievements, while we retain background intellectual property and general technical capabilities.

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For our synchronous R&D model with OEMs, we mainly apply a five-step R&D process with clear responsibilities, authorities, deliverables and decision checkpoints as set out below.



Product Design and Development. At the initial stage of new vehicle development, we engage deeply with our OEM customers to integrate their automotive intelligent chassis system requirements, safety regulations and technology roadmap into our product design. After defining key indicators, we collaborate with cross-functional teams to jointly assess feasibility in technology, manufacturing, supply chain and budget and complete project initiation.

Process Design and Development. Based on the project requirements, we collaborate with OEMs to design the overall automotive intelligent chassis system, covering hardware, software and interface compatibility, optimizing the compatibility with different vehicle models and specific safety needs under different conditions. We also conduct regular cross-functional reviews to mitigate technical risks and finalize standardized designs.

Prototype Testing and Evaluation of First Samples. We translate our R&D results into a prototype automotive intelligent chassis system, produce key components and sample units and validate performance, environmental adaptability and safety with OEMs. We iteratively optimize the design based on test results and verify core functions.

Mass Production and Delivery. Upon the completion of engineering calibration, mass production process optimization and with OEM’s approval of our designed product parameters, we initiate ramp-up for mass production accompanied by full-process quality control, deliver products in agreed volume and provide after-sales technical support.

Project Final Review and Technology Accumulation. Following project delivery, we review the experience and areas for improvement in the entire R&D and mass production processes. Design solutions, process standards and validation methodologies are systematically documented and incorporated into our technical know-how library for reuse, enhancing the efficiency of collaborative development and strengthening our core technological competitiveness.

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OUR PRODUCTION

Our comprehensive and advanced production capabilities are the foundation of our business. Leveraging our sophisticated manufacturing technologies and large-scale production capabilities, we deliver consistent high-quality products and response to evolving market demands flexibly and efficiently. We have a full-cycle manufacturing capabilities covering entire production process, including casting, machining and assembly. Through a well-structured division of labor, specialized production and refined operational management, we have formed cost control advantages. We place strong emphasis on the application of automated production equipment and production information systems. Since 2016, we have established our automated caliper production lines and are committed to continuously enhancing our automation and digitalization levels. In addition, we possess independent manufacturing process design capabilities and achieve vertical control over our production processes. Such abilities allows us to continuously optimize product performance and efficiency. Our robust management capabilities in raw material procurement, inventory management, logistics and supply chain enable us to accelerate delivery, reduce costs and enhance overall operational efficiency.

We adopt a hybrid manufacturing strategy, independently manufacturing core components while selectively outsourcing certain non-core components, enabling a clear allocation of production responsibilities and optimal utilization of our manufacturing capabilities. We continue to expand independent production for components. By independently manufacturing core components, we ensure product quality while effectively controlling production costs. By outsourcing certain non-core components, we focus our resources on high value-added products.

Production Facilities

As of the Latest Practicable Date, we operated 17 production bases globally in, among others, Anhui, Zhejiang, Hebei, Sichuan and Shandong provinces in China, and Saltillo in Mexico. Our localized production improves delivery efficiency and enhances our ability to serve customers across regions. As of the Latest Practicable Date, Yubei Steering operates six manufacturing facilities located in Henan, Hubei and Jiangsu provinces.

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The table below sets forth designed annual production capacity, actual production volume and utilization rates by key product line of us and Yubei Steering during the Track Record Period.

	Year ended December 31,								
	2023			2024			2025		
	Designed annual production capacity ⁽¹⁾	Production volume	Utilization rate ⁽²⁾	Designed annual production capacity ⁽¹⁾	Production volume	Utilization rate ⁽²⁾	Designed annual production capacity ⁽¹⁾	Production volume	Utilization rate ⁽²⁾
	<i>unit or set⁽³⁾</i>	<i>unit or set⁽³⁾</i>	<i>%</i>	<i>unit or set⁽³⁾</i>	<i>unit or set⁽³⁾</i>	<i>%</i>	<i>unit or set⁽³⁾</i>	<i>unit or set⁽³⁾</i>	<i>%</i>
Our Group									
Mechanical braking products									
(units)	18,300,000	15,913,116	87.0	24,980,000	20,800,972	83.3	28,600,000	23,360,971	81.7
Intelligent electronic control									
products (sets)	5,160,000	3,726,946	72.2	6,935,000	4,902,113	70.7	9,095,000	7,365,682	81.0
Mechanical steering products									
(sets)	6,140,000	2,746,690	44.7	6,140,000	2,903,049	47.3	6,140,000	2,931,564	47.7
Yubei Steering									
Intelligent electronic control									
products (sets)	2,035,263	1,439,363.7	70.7	2,508,459	1,654,741.7	66.0	2,600,275	1,901,105.7	73.1
Mechanical steering products									
(sets)	16,627,300	14,060,490	84.5	16,850,838	16,159,909	95.9	18,681,853	16,154,834	86.5

(1) Calculated based on actual annual operating days, daily shift numbers, shift duration, production tact time and overall equipment effectiveness. These factors vary across different production facilities. The number of operating days is calculated based on 12 working months per year and 21 working days per month.

(2) Calculated by dividing the production volume by the designed annual production capacity during the year indicated.

(3) Some of our mechanical braking products are sold and measured in units, while other products of us and Yubei steering are in sets.

Outsourced Production

We outsource certain production and processing to third-party manufacturing contractors. Our outsourced processing during the Track Record Period mainly included (i) surface treatment of caliper brackets and WCBS valve bodies and (ii) surface-mount assembly for electronic products. We manage and monitor outsourced manufacturers under strict supplier management policies. We outsource these processes primarily because certain processes, such as surface treatment, are subject to stringent regulatory approvals. In addition, suppliers in the surface mounting are abundant and, compared with in-house production, third-party manufacturers generally possess scale and cost advantages.

When selecting third-party manufacturing contractors, we primarily consider the following factors: (i) production capacity, flexibility of production lines, delivery cycle and capacity allocation capabilities; (ii) production costs; (iii) quality system certifications, production standards and quality control systems; (iv) qualifications, creditworthiness and financial condition; and (v) compatibility with our technologies and processes. We enter into formal outsourced production agreements. To ensure product quality, we generally implement the following control measures: (i) providing third-party manufacturers with operational standards, including standard operating procedures and guidelines, product manufacturing documentation and inspection specifications; (ii) providing professional training to production personnel of third-party manufacturers; and (iii) conducting special quality inspections on products and components manufactured by third-party manufacturers. All relevant business transactions are recorded and we conduct monthly and quarterly inventory checks and reconciliations to ensure that each process is well controlled.

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Salient terms of our contracts with outsourced manufacturing contractors typically include the following: (i) **Specifications and Pricing:** Each purchase order specifies product requirements, including product name, model, configuration, functions, parameters, price, quantity and other specifications. Production and processing fees are negotiated and determined separately for each order. (ii) **Delivery:** The third-party manufacturing contractor is generally responsible for delivering products to locations designated by us. Upon receipt, we inspect products for conformity to samples and stipulated specifications. Products are deemed formally accepted only after inspection and issuance of an acceptance report. For products that fail to meet the required specifications, we reserve the right to reject and return them, or to require replacement or rectification. (iii) **Quality Assurance:** The warranty period is agreed upon in the pricing agreement, or determined with reference to the relevant OEM’s vehicle warranty period. (iv) **Confidentiality:** We typically incorporate confidentiality provisions in agreements which generally remain in force for a specified period after termination. and (v) **Termination:** Unless otherwise agreed, the agreement automatically terminates upon expiry of its term.

In 2023, 2024 and 2025, the outsourcing production and processing fees were RMB84.8 million, RMB123.9 million and RMB204.0 million, respectively. To the best of our knowledge, all of the aforementioned production contractors are Independent Third Parties as of the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disputes with our production contractors.

Production Planning and Execution

We adopt a demand-driven and rolling production planning model and information-based production management systems to achieve end-to-end digitalized management covering sales forecasting, production planning, execution and delivery. Sales forecasts are continuously updated based on customer orders and market trends. Subsequently, master production schedule system (“MPS”) integrates factors such as inventory levels and production capacity to set overall production schedules for each product across different time periods. Based on such production schedules, material requirements planning system (“MRP”) breaks down material requirements into detailed demand plans. In the plan execution phase, MOM receives outputs from MPS and MRP and translates them into work orders and instructions for production lines. Through detailed scheduling and production sequencing, MOM ensures that high-level production plans are accurately implemented at specific production lines, workstations and shifts. In the closed-loop data processing phase, MOM automatically feeds back actual production cycle times, yield rates, labor hours and finished-goods warehousing information to sales forecasting system. Such frontline operational data provides critical inputs for the subsequent rolling optimization of MPS and MRP, continuously improving the accuracy of sales forecasting and production planning, and forming a closed-loop management system. With the expansion of our overseas R&D and manufacturing bases, MOM enables standardized and coordinated manufacturing operations across domestic and overseas production facilities through a unified platform architecture, ensuring consistency under our global footprint and effectively supporting specialized division of labor and localized supply.

For execution, we adopt a sophisticated automated production management system and organize production in a just-in-time manner. We enhance and optimize production efficiency in the following ways: (i) implementing a demand-driven, pull-based production system to avoid excess inventory; (ii) utilizing production scheduling systems to balance sequence and batch sizes of different product models, stabilizing production pace and improving equipment and personnel utilization; (iii) establishing a standardized operating system to continuously optimize process layouts, shorten mold changeover times and reduce material handling distances; (iv) forming strategic partnerships with key

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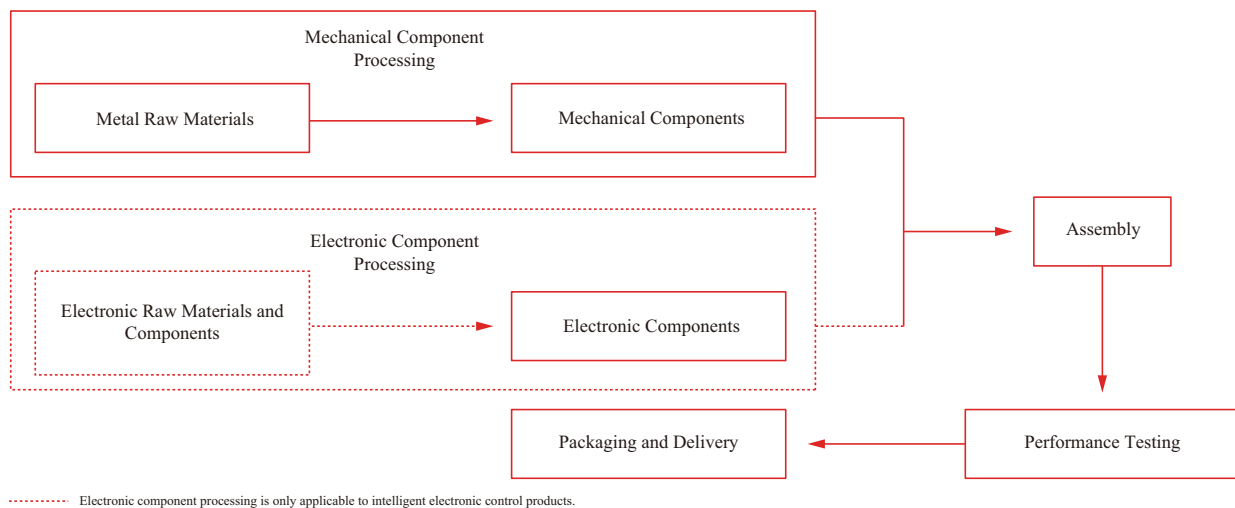
suppliers and implementing just-in-time supply through third-party warehousing and other models, reducing raw material inventories and enhancing supply chain responsiveness; and (v) regularly conducting value stream analyzes to systematically optimize the entire process and shorten delivery cycles.

Production Process

Our automotive intelligent chassis products are designed to meet rigorous quality standards while enabling rapid production expansion to meet customer demand.

Once we secured design wins from OEM customers, we enter into framework sales agreements and arrange customized production processes for each vehicle type. Our manufacturing processes generally involve coordinated management of raw materials processing, assembly, performance, packaging and warehousing and are designed to support a diversified product portfolio across multiple product lines. Across our business segments, the production process typically follows the sequence of component and raw material processing, assembly and performance testing, and packaging and delivery. For certain non-core components, we engage third-party manufacturers on an outsourced basis. See “— Our Production — Outsourced Production.”

The following diagram illustrates the key production steps of our manufacturing lines:

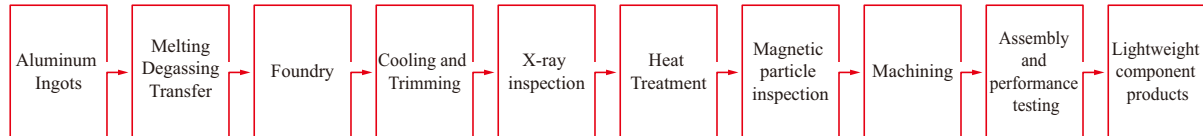


- **Raw materials processing:** For our mechanical disc brake and mechanical steering products, the production process typically begins with machining and surface treatment of metal raw materials to meet specific technical requirements and form mechanical components for further assembly. For our intelligent electronic control products, in addition to mechanical component processing, production also involves the electronic component processing, including data programming and enclosure assembly, to form electronic components ready for assembly. For example, WCBS products require the assembly of dedicated solenoid valve components and ECUs to form an integrated structure.
- **Assembly:** We then integrate the relevant mechanical and electronic components to form the core structure of our products and system solutions.

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- **Performance testing:** Upon completion of assembly and prior to packaging and delivery to OEM customers, each product is subject to final inspection and performance testing to ensure compliance with our stringent quality standards. See “—Quality Control—Manufacturing.”
- **Packaging and delivery:** Once products pass all required testing procedures, they are packaged and prepared for delivery to designated locations in accordance with the relevant framework sales agreements and customer requirements.

Specifically, for our lightweight chassis components, the following diagram illustrates the steps and technical measures we employ to achieve lightweight structural design and performance.



In manufacturing of our lightweight chassis components, we use advanced differential pressure casting technology, supported by our extensive manufacturing expertise and innovation. Compared to conventional and low-pressure casting processes, the process effectively suppresses gas precipitation during casting, substantially reducing defects such as porosity and pinholes and enhancing cast component density. As a result, tensile strength improves by approximately 10% to 50% over low-pressure casting. It also provides excellent feeding capability, reducing thermal cracking in complex components, while ensuring clear contours and high dimensional accuracy, minimizing the need for further machining.

Production Equipment and Key Production Technologies

To enhance production efficiency, we plan to increase the proportion of mechanized autonomous production through the deployment of high-precision modular equipment and actively promote a standardized operation scale to reduce human intervention errors. At the same time, we have adopted a comprehensive electronic and software-based production control system for high-precision management. Multi-dimensional quality inspection systems and electronic sensors across our production lines enable real-time monitoring and quality assurance. In particular, our production lines primarily adopt the following categories of production equipment to enhance operational efficiency and precision:

- **Automated production and high-precision equipment:** We extensively deploy automated equipment including industrial robots, robotics manipulators, automated guided vehicles and autonomous mobile robots to replace manual operations in processes such as loading and unloading, welding, assembly and material handling. This effort significantly reduces human intervention and human error, shortens production cycles, enhances overall equipment effectiveness and lowers downtime and rework rates. At the same time, by introducing high-rigidity equipment, precision tooling, high-speed spindles and optimized cutting parameters, we achieve high-precision, high-speed forming and machining, increasing production capacity per machine, reducing tooling changeover and setup time, and minimizing secondary processing costs.
- **Modular and flexible manufacturing capabilities:** We employ modular and flexible manufacturing with standardized tooling and quick-change fixtures, allowing multi-product, co-line production and rapid changeovers. This enhances flexibility and maximizes capacity utilization.

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- **Digital production control systems:** We have implemented intelligent software and hardware systems across our production lines to enable electronic and intelligent management of production information, effectively reducing product defect rate and management costs. For example, (i) at the software level, our manufacturing execution system platform optimizes planning, materials, equipment, quality and personnel, improving sequencing and rapid response; and (ii) at the hardware level, we utilize machine vision inspection, force sensors, laser measurement and AI-powered inspection to achieve real-time data acquisition and quality assessment during production, reducing sampling time and improving yield and first-pass success rates.
- **Automated warehousing and intelligent logistics:** Through the integration of automated warehousing, intelligent distribution, precision material feeding and material tracking, we achieve highly accurate line-side logistics, reduce material waiting time and logistics lead time, enhance production continuity and per capita efficiency.

SALES AND MARKETING

Guided by our global expansion strategy, and leveraging our leading R&D capabilities in the automotive intelligent chassis system sector, robust intelligent manufacturing capabilities and continuously enhanced brand recognition, we have established a well-developed international sales network. We have established dedicated marketing centers responsible for both domestic and overseas markets. As of December 31, 2025, we had a dedicated sales and marketing team of 57 employees globally. Our sales and marketing personnel possess deep industry knowledge and work closely with customers, partners and internal operational teams to promote our products and solutions in the PRC and overseas markets.

As of the Latest Practicable Date, our products have been sold to over 50 countries and regions worldwide, enabling us to provide in-depth services to customers globally. The following table sets forth our revenue by geographical region during the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Chinese Mainland	6,321,695	87.9	8,519,344	88.4	10,261,304	87.6
Other countries/regions	874,156	12.1	1,116,207	11.6	1,450,403	12.4
Total.	7,195,851	100.0	9,635,551	100.0	11,711,707	100.0

During the Track Record Period, we operated primarily through a direct sales model to downstream OEM customers. Through years of accumulated expertise in technology, talent and management, we have obtained tier-one supplier qualifications from most leading domestic OEMs and have been recognized by several customers as an outstanding or core supplier. Once admitted into tier-one supplier system of an OEM customer, we can typically obtain new business opportunities through price inquiries and bidding among qualified suppliers. We provide end-to-end automotive intelligent chassis system solutions covering synchronized development and mass production. This enhances our competitiveness when customers select partners for newly launched vehicle models.

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The following table sets forth the key operating data as of/for the years ended December 31 as indicated:

	As of/For the Year ended December 31,		
	2023	2024	2025
Design wins secured newly during each year	319	416	605
Expected annualized revenue from design wins secured newly during each year (<i>RMB in millions</i>) ⁽¹⁾	6,210	6,537	9,508
Number of ongoing projects ⁽²⁾	419	430	571
Number of new projects that achieved mass production	241	309	318

(1) Expected annualized revenue from design wins secured newly during each year refers to the aggregate estimated annual sales revenue expected to be generated by all newly secured design wins obtained by us during each year in the Track Record Period after such programs enter stable mass production. It is calculated by multiplying (i) the unit selling price of the relevant component products sold by us to OEM customers, by (ii) the number of such component products installed per vehicle, and further by (iii) the OEMs’ projected sales volume of the relevant awarded vehicle models, and then dividing the result by the total number of years covered from the commencement to the end of mass production over the forecast lifecycle of the relevant vehicle models.

(2) Number of ongoing projects refers to the number of design wins that we have secured but have not been converted into mass production as of December 31 of the relevant year.

Over our more than 20 years of development, we have accumulated more than 50 OEM customers, among which 30 OEMs have maintained partnerships with us for more than five years. We believe that in-depth business cooperation with OEMs under the direct sales model enables us to respond more precisely to their vehicle development requirements and provide customized products and system solutions addressing the specific needs of different vehicle platforms. See “— Research and Development — Our R&D Model” for the cooperation process from initiation, and feasibility validation to tendering, product forward development, and preparation for mass production.

We adopt a demand tracking mechanism with real-time visibility of each OEM demand, enabling us to arrange production accordingly. We rely on our efficient logistics system to ensure on-time delivery. The quality inspection department oversees quality control and provides after-sales technical support, while the marketing department monitors the entire process of order execution, delivery and service and coordinates timely resolution of issues to ensure smooth cooperation. See “— Quality Control.”

At the same time, we continuously deepen our mutual trust and cooperative relationship by offering customized pricing mechanisms and flexible contract terms, to efficiently accommodate their differentiated operational requirements and large-scale procurement needs. Moreover, under the direct collaboration with downstream OEMs, we are able to collect real-time feedback from customers across development, validation, mass production and usage stages. As a result, we can rapidly refine products and upgrade technologies in line with customer needs and market trends, further enhancing customer loyalty and our overall competitiveness.

Our Domestic Sales Network

Our domestic downstream customers consist of automotive OEMs, with whom we collaborate mainly under a synchronous development model, pursuant to which we sell automotive components directly to them. OEM customers typically organize a bidding process, and upon a successful bid, we

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usually enter into framework agreements with such OEM customers. The framework agreement generally extends until the end of the lifecycle of the relevant vehicle model. Once a product enters the mass production stage, we typically sign a price agreement with the OEM customer on an annual basis.

The typical salient terms of framework agreements with our customers during the Track Record Period are set forth below: (i) **Specifications and Pricing:** The product name, model, quantity and price are specified in the sales contract. However, the quantity of components to be delivered usually reflects the OEM’s predicted total demand based on market forecasts and may not necessarily represent the final delivery volume. (ii) **Duration:** The term of the agreement is determined on a case-by-case basis. (iii) **Payment:** The sales contract specifies the payment method (such as full payment, credit or installment payment, or financing payment) and provides the corresponding payment schedule and amounts. (iv) **Delivery:** We typically deliver products directly to our customers. The delivery location, schedule and dates are specified in the sales contract. OEM customers generally require that the chassis products we supply are free from defects and comply with the technical requirements and intended use. In addition, we are generally required to provide updates on development progress and adhere to agreed timelines. (v) **After-Sales Services:** We are required to arrange service personnel to meet customer needs, monitor inventory levels of components and meet the total demand of automotive components during the OEM’s vehicle production cycle. In addition, we ensure the availability of spare parts for a certain period following production ends so that OEM customers can meet the demand of end-users throughout the vehicle’s service life. (vi) **Transfer of risks:** The risks transfer to customers upon their receipt and acceptance of our products. (vii) **Warranty Period:** The warranty period for our products varies depending on product type and model. However, if any product defects or systemic issues arise due to product or design defects, regardless of whether a vehicle recall occurs, we generally compensate OEM customers for resulting economic losses and assume corresponding liabilities. and (viii) **Termination:** Agreements may be terminated by giving notice to the other party as agreed in the agreement, or other means specified in the agreement.

Our Overseas Sales Network

Our overseas downstream customers primarily consist of leading international OEMs. As of the Latest Practicable Date, our products sold overseas are mainly lightweight chassis components and calipers. We have established a comprehensive overseas sales and supply network, under which relevant products are mainly supplied through two channels. Firstly, certain products are manufactured at our production facilities in the PRC and delivered to customers in North America, Europe and India primarily under FCA trade terms. Secondly, certain other products are manufactured locally at our production facility in Mexico and supplied to the U.S. market, rather than exported from the PRC.

The key terms of sales contracts entered into with our overseas direct customers are generally similar to the standard terms applicable to domestic OEM customers. However, we are typically required to assume the following additional obligations:

- **Import and Export Compliance:** We shall ensure that all products imported into overseas destination markets comply with the applicable import laws and regulations of such export destinations, and we may be required to indemnify customers for losses arising from non-compliance.

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- **Customs and Trade Preference Cooperation Obligations:** As the seller, we are required to provide information and documents related to customs and country of origin to assist buyers in obtaining applicable trade or tariff preferences. We shall also ensure compliance with relevant export and origin requirements and cooperate with applicable customs compliance programs.

During the Track Record Period and up to the Latest Practicable Date, (i) there was no material breach of agreement and/or any purchase orders with our major domestic and overseas customers; (ii) we did not experience any material complaints, litigation or incidents concerning the quality or safety of our products or services.

Warranty and After-sales Services

We have established standard procedures for handling quality complaints, product changes and recalls. For each design win, our customers specify warranty and claim provisions in relevant agreements, which are mutually agreed upon and strictly enforced. Our front-end quality control and real-time traceability help effectively prevent batch claims. If product defects cause quality loss, we assume liability in accordance with contract terms. If such defects arise from materials or components provided by third-party suppliers, we have the right to seek recourse from such suppliers in accordance with purchase terms. Specifically, we have formulated and implemented customer satisfaction management measures and established a structured warranty and after-sales service system, including:

- **Multi-channel customer satisfaction management system:** We evaluate customer satisfaction using quantifiable indicators, such as service attitude and response speed. We regularly conduct surveys and use the results, together with employee performance assessments of relevant department evaluations, to improve responsiveness to customer needs.
- **Efficient cross-departmental coordination for customer complaint handling:** We have established a cross-departmental rapid response mechanism. Within two hours of receiving a customer complaint, each department initiates a customer complaint tracking sheet. The marketing center continuously monitors progress. Corrective measures are standardized into processes that can be shared across departments.
- **Refined product recall and after-sales policy:** We have formulated after-sales service management measures and a product recall system, for return processing, analysis, after-sales management appeals, claim reimbursement, and handling of recommendations. The quality assurance department communicates with customers and processes returns, while the logistics department handles transportation, ensuring consistent after-sales management.

Depending on product type, we typically provide a warranty period ranging from three to 36 months for both domestic and overseas customers. After expiry, support remains available to customers at their own expense. In 2023, 2024 and 2025, our warranty costs amounted to RMB51.3 million, RMB64.2 million and RMB73.7 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product quality warranty claims, product returns or customer complaints, nor were we subject to any material legal claims or administrative penalties arising from product liability or quality control issues, and we did not conduct any product recalls, that had a material adverse effect on our business, financial condition or operating results.

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Pricing

The pricing of our products is primarily determined by market competition, taking into account factors such as the maturity of regional markets, product penetration rates, the procurement capacity of OEM customers, industry competitive landscape and product costs. Based on these considerations, we formulate differentiated pricing policies for different countries and regions. We typically conduct systematic reviews of our pricing models at key stages of the OEM vehicle development cycle (including the early development stage, upon completion of development, and prior to official product launch), and regularly reassess and adjust our pricing system in light of real-time market conditions.

Our pricing decisions are centered on cost, quality and technology and are based on a balanced consideration of product development investment, manufacturing costs, quality control standards and technological added value. We determine cooperative relationships through open bidding. After securing a design win from OEMs, we typically confirm the mass production price in subsequent agreements, taking into account initial quotations and any design or cost optimizations achieved during development.

In addition, under applicable agreements, we charge fees for pre-tender engineering, design and R&D, and mold development. We continue to advance process optimization, supply chain integration and technological iteration to control costs while ensuring product quality and performance. This help ensure that our pricing remains competitive and commercially reasonable and aligned with customer needs and our long-term business objectives.

Marketing

We enhance our brand recognition through a diversified marketing approach, including offline industry exhibitions, dedicated technical exchange events with OEM customers, and promotion through official online information platforms, building a professional and reliable brand image in the automotive intelligent chassis system industry.

Our offline marketing and branding activities mainly include participating in major domestic and international industry exhibitions, as well as attending technical exchange day and brand day events at OEM production facilities. These activities enable us to showcase advantages of our core products and highlight our R&D capabilities and precisely align with customers’ supporting needs. For instance, we regularly participate in influential industry exhibitions such as the Shanghai Auto Show each year, where we present products and cutting-edge technology solutions to OEM customers, industry partners and stakeholders in the supply chain, enhancing industry influence.

In addition, we actively conduct brand promotion through our online channels, and regularly release updates on product iterations, key technological developments and industry application cases through our official social media account. When launching new products or technical solutions, we also organize special launch events to communicate key features and applications. Our online promotion adheres to a principle of precise reach and focuses primarily on OEM customers and industry professionals, with an emphasis on technology and product competitiveness.

We believe that our integrated marketing approach, supported by product development capabilities and full-process customer services, will continue to strengthen our brand image. We also plan to further enhance brand promotion to further expand relationships with high-quality OEM customers.

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SEASONALITY

Our business is subject to seasonal fluctuations that align with automotive production and sale cycles. In particular, sales of our components typically show a low season in the first half of the year and a peak in the second half, especially in the fourth quarter, which largely reflects end-consumers’ vehicle purchasing patterns. This seasonality is mainly driven by peak and off-peak periods in vehicle purchases. The second half of the year is usually the peak season for vehicle purchases, which leads OEMs to concentrate their procurement of automotive components during the same period. As a result, our product sales generally follow overall vehicle market trends, with sale performance in the second half of the year typically higher than first-half sales. To ensure efficient utilization of our production capacities, we plan ahead based on expected seasonal demand based on our extensive industry experience and arrange sales and production schedules accordingly. See “Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to seasonal fluctuations.”

CUSTOMERS

During the Track Record Period and up to the Latest Practicable Date, we have established a broad and growing global customer base. Our customers mainly include leading domestic and international automobile manufacturers.

In the automotive manufacturing industry, after automotive component suppliers have secured a design win, suppliers typically supply the relevant products throughout the entire lifecycle of the applicable vehicle models, which generally ranges from approximately three to ten years, depending on vehicle type. We maintained a relatively stable portfolio of major customers during the Track Record Period. In 2023, 2024 and 2025, revenue generated from our five largest customers in each year during the Track Record Period was RMB5,246.5 million, RMB7,319.0 million and RMB8,715.0 million, accounting for 72.9%, 76.0% and 74.4% of our total revenue in the same years, respectively; and revenue generated from our largest customer in each year during the Track Record Period was RMB2,783.0 million, RMB4,348.9 million and RMB4,572.1 million, accounting for 38.7%, 45.1% and 39.0% of our total revenue in the same years, respectively. According to F&S, our customer concentration level is not uncommon in the automotive component industry primarily due to (i) the stringent and lengthy OEM qualification process, which typically leads to strong long-term relationships once suppliers are selected by OEM customers; and (ii) customized designs are required for specific OEM mass-production programs, resulting in high switching costs and limited substitutability.

We also continue to expand and diversify our customer base, including by pursuing new OEM customers, vehicle platforms and design wins. At the same time, we deepen cooperation with existing customers by increasing content per vehicle through cross-selling and securing design wins for additional models over successive vehicle generations. These efforts help strengthen customer relationships and reduce exposure to demand fluctuations from any single customer.

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The table below sets forth details of our five largest customers in each year during the Track Record Period:

Customers	Revenue (RMB'000)	Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Major Produce/Service Type	Customer Background	Payment Term	Settlement Method
<i>For the year ended December 31, 2023</i>							
Chery Holding Group Co., Ltd (“Chery Group”) ⁽¹⁾	2,783,016	38.7	2004	Brake products, WCBS, EPB	An OEM with a registered capital of RMB5.82 billion, headquartered in Wuhu, Anhui province	30 days after receiving invoice	Bank transfer or acceptance
Customer A	677,643	9.4	2011	Brake products, WCBS, EPB	A state-owned automobile manufacturer with a registered capital of RMB20 billion, headquartered in Chongqing	60/90 days after receiving invoice	Acceptance
Customer B	614,165	8.5	2014	Brake products, WCBS, EPB	An OEM with a registered capital of RMB1.03 billion, headquartered in Hangzhou, Zhejiang province	75-90 days from the first day of the next month after receiving invoice	Bank transfer or acceptance
Customer C	588,739	8.2	2019	Lightweight chassis components	An international automobile manufacturer headquartered in the United States	47 days from customer’s receipt	Bank transfer
Customer D	582,939	8.1	2012	Brake products, WCBS, EPB	An automobile manufacturer with a registered capital of RMB10.20 billion, headquartered in Guangzhou, Guangdong province	60 days from customer’s receipt	Bank transfer
Total	5,246,502	72.9					

(1) In 2023 and 2024 and up to January 20, 2025, Chery Group was our connected person as it remained the controlling shareholder of Chery (which wholly owns Chery Technology) until that date. Upon completion of its restructuring on January 20, 2025, Chery Group ceased to hold any shares of Chery. Thereafter, Chery Group became an Independent Third Party of us up to the Latest Practicable Date.

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Customers	Revenue (RMB'000)	Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Major Produce/Service Type	Customer Background	Payment Term	Settlement Method
<i>For the year ended December 31, 2024</i>							
Chery Group ⁽¹⁾	4,348,891	45.1	2004	Brake products, WCBS, EPB	An OEM with a registered capital of RMB5.82 billion, headquartered in Wuhu, Anhui province	30 days after receiving invoice	Bank transfer or acceptance
Customer B	992,425	10.3	2014	Brake products, WCBS, EPB	An OEM with a registered capital of RMB1.03 billion, headquartered in Hangzhou, Zhejiang province	75-90 days from the first day of the next month after receiving invoice	Bank transfer or acceptance
Customer C	752,254	7.8	2019	Lightweight chassis components	A major international OEM headquartered in the United States	47 days from customer's receipt	Bank transfer
Customer A	633,728	6.7	2011	Brake products, WCBS, EPB	A state-owned OEM with a registered capital of RMB20 billion, headquartered in Chongqing	60/90 days after receiving invoice	Acceptance
Customer E	591,692	6.1	2012	Brake products, WCBS, EPB	An OEM with a registered capital of RMB19.957 billion, headquartered in Beijing	60 days from the first day of the next month after receiving invoice	Acceptance
Total	7,318,990	76.0					

(1) In 2023 and 2024 and up to January 20, 2025, Chery Group was our connected person as it remained the controlling shareholder of Chery (which wholly owns Chery Technology) until that date. Upon completion of its restructuring on January 20, 2025, Chery Group ceased to hold any shares of Chery. Thereafter, Chery Group became an Independent Third Party of us up to the Latest Practicable Date.

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Customers	Revenue (RMB'000)	Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Major Produce/Service Type	Customer Background	Payment Term	Settlement Method
<i>For the year ended December 31, 2025</i>							
Chery ⁽¹⁾	4,572,074	39.0	2004	Brake products, WCBS, EPB	An OEM with a registered capital of RMB5.82 billion, headquartered in Wuhu, Anhui province	30 days after receiving invoice	Bank transfer or acceptance
Customer B	1,625,249	13.9	2014	Brake products, WCBS, EPB	An OEM with a registered capital of RMB1.03 billion, headquartered in Hangzhou City, Zhejiang Province	75-90 days from the first day of the next month after receiving invoice	Bank transfer or acceptance
Customer E	961,961	8.2	2012	Brake products, WCBS, EPB	An OEM with a registered capital of RMB19.957 billion, headquartered in Beijing	60 days from the first day of the next month after receiving invoice	Acceptance
Customer C	821,863	7.0	2019	Lightweight chassis components	A major international OEM headquartered in the United States	47 days from customer's receipt	Bank transfer
Customer A	733,893	6.3	2011	Brake products, WCBS, EPB	A state-owned OEM with a registered capital of RMB20 billion, headquartered in Chongqing	60/90 days after receiving invoice	Acceptance
Total	8,715,040	74.4					

(1) In 2023 and 2024 and up to January 20, 2025, Chery Group was our connected person as it remained the controlling shareholder of Chery (which wholly owns Chery Technology) until that date. Upon completion of its restructuring on January 20, 2025, Chery Group ceased to hold any shares of Chery. Thereafter, Chery Group became an Independent Third Party of us up to the Latest Practicable Date.

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As of the Latest Practicable Date, save for Chery, which indirectly owns a 14.56% equity interest in our Company through Chery Technology, all the other top five customers in each year during the Track Record Period were Independent Third Parties. See “Continuing Connected Transactions.” As of the Latest Practicable Date, to our best knowledge, save for one Director who participates in the employee incentive plan of Chery and owned less than 0.1% of its share, none of our other Directors, their respective close associates or any of our Shareholders (who, to the knowledge of our Directors, owned more than 5% of our issued share capital) had any interest in our five largest customers in each year during the Track Record Period.

SUPPLIERS

During the Track Record Period, our major suppliers primarily comprised providers of key raw materials, such as (i) metal raw materials, including aluminum ingots and cast iron; (ii) basic mechanical components, including iron castings, aluminum castings, forgings, extrusions, automotive bearings, friction plates, stampings and precision-machined components; and (iii) electronic materials, primarily consisting of motors, chips, metal-oxide-semiconductor field-effect transistors, printed circuit boards and electronic capacitors. We purchased the majority of our raw materials from suppliers located in China.

We normally enter into long-term framework procurement agreements with our suppliers. The typical salient terms of such agreements during the Track Record Period are set forth below: (i) **Product Specifications:** We generally specify specifications for the products or solutions ordered, including product name, model, configuration and functions. (ii) **Duration:** The supply agreements we enter into with suppliers are typically for an indefinite term without a fixed expiry date. (iii) **Pricing:** Product prices are determined through competitive negotiations. Payment arrangements and credit terms are also determined through separate negotiations. (iv) **Logistics:** Our suppliers are generally responsible for delivering products to designated locations. (v) **Quality Assurance:** We typically require suppliers to strictly comply with our quality requirements and supplier management standards. Suppliers are responsible for the quality of components delivered. In case of quality issues, we reserve the right to claim compensation under the contract. (vi) **Confidentiality:** We enter into confidentiality agreements with our suppliers to protect procurement information. (vii) **Termination:** Agreements may be terminated in accordance with agreed in notice, or by other contractual arrangements.

In accordance with internationally recognized quality management standards, we impose strict quality performance requirements on suppliers through a full-process management system covering pre-qualification, early-stage audits and ongoing monitoring. Prior to engaging new suppliers, we apply a supplier management system integrated with our quality assurance framework, under which suppliers are jointly evaluated by the procurement department, technology center and quality assurance department through capability assessments, sample inspections and trial production. Qualified suppliers are admitted into our supplier network in accordance with our quality system documentation, after which we enter into procurement contracts and pricing agreements, and routine procurement is conducted exclusively through such qualified suppliers. In exceptional circumstances where temporary procurement from suppliers outside the approved supply system is required, prior approval from the head of the procurement department must be obtained, and the relevant materials are subject to more stringent incoming inspection standards. During the Track Record Period and up to the Latest Practicable Date, (i) our supplies did not experience any quality issues that had a material impact on our business; (ii) our manufacturing activities did not experience any significant disruptions due to shortages of key components; and (iii) there was no material breaches of agreements or material legal disputes involving our suppliers.

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To mitigate supply chain management risks, we maintain a broad supplier base and closely monitor supplier-related risks. We have established contingency plans and employ rolling forecasts and demand and order management mechanisms to identify and manage potential disruptions. We review our suppliers’ production capacities across key stages, including development, validation, production and inventory preparation, and formulate supply assurance plans accordingly. As such, we believe we are not subject to any material concentration risk.

To address price fluctuations of raw materials, basic mechanical components and electronic materials, we regularly monitor market conditions and maintain communication with suppliers. Leveraging our large-scale procurement, we conduct competitive bidding to ensure fair pricing. Supplier quotations are benchmarked against market and peer pricing. We also perform cost analysis based on detailed breakdowns provided by suppliers.

In 2023, 2024 and 2025, our purchases from our five largest suppliers in each year during the Track Record Period were RMB1,637.7 million, RMB1,869.0 million and RMB1,860.8 million, representing 29.2%, 28.9% and 23.0% of our total purchases in the same years. In 2023, 2024 and 2025, our purchases from our largest supplier in each year during the Track Record Period were RMB473.0 million, RMB432.3 million and RMB455.0 million, representing 8.4%, 6.7% and 5.6% of our total purchases in the same years, respectively. The table below sets forth details of our five largest suppliers in each year during the Track Record Period:

Supplies	Purchase Amount (RMB'000)	Percentage of Total Purchases (%)	Year of Commencement of Business Relationship	Major Product	Supplier Background	Payment Term	Settlement Method
<i>For the year ended December 31, 2023</i>							
Supplier A	473,036	8.4	2008	Brake disc	A professional manufacturer of automotive brake systems and pump components with a registered capital of RMB417 million, headquartered in Longkou, Shandong province	60 days after invoice	Bank transfer or acceptance
Supplier B	406,932	7.3	2013	Raw material	A company with a registered capital of RMB401 million, headquartered in Binzhou, Shandong province, primarily engaged in the production, operation and R&D of aluminum alloy materials	N/A	Bank transfer
Supplier C	302,846	5.4	2019	Raw material	A company with a registered capital of RMB2.246 billion, headquartered in Baotou, Inner Mongolia Autonomous Region, principally engaged in the production of high-purity aluminum	N/A	Bank transfer

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Supplies	Purchase Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Major Product	Supplier Background	Payment Term	Settlement Method
	(RMB'000)	(%)					
Supplier D	281,521	5.0	2005	Wheel hub bearing	A company with a registered capital of RMB950 million, headquartered in Chongqing, primarily engaged in the R&D, manufacturing and sales of bearings and automotive components	90 days after invoice	Acceptance
Supplier E	173,388	3.1	2008	Bearing	A company with a registered capital of RMB5 million, headquartered in Wuhu, Anhui province, primarily engaged in the production and sales of various types of bearings	90 days after invoice	Bank transfer or acceptance
Total	1,637,723	29.2					

For the year ended December 31, 2024

Supplier A	432,262	6.7	2008	Brake disc	A professional manufacturer of automotive brake systems and pump components with a registered capital of RMB417 million, headquartered in Longkou, Shandong province	60 days after invoice	Bank transfer or acceptance
Supplier F	388,921	6.0	2016	Casting blanks and finished castings	A company with a registered capital of RMB68.02 million, headquartered in Huangshi, Hubei province, principally engaged in the R&D, production and sales of precision automotive component castings	60 days after invoice	Bank transfer or acceptance
Supplier D	379,242	5.9	2005	Wheel hub bearing	A company with a registered capital of RMB950 million, headquartered in Chongqing, primarily engaged in the R&D, manufacturing and sales of bearings and automotive components	90 days after invoice	Acceptance

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Supplies	Purchase Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Major Product	Supplier Background	Payment Term	Settlement Method
	(RMB'000)	(%)					
Supplier B	337,121	5.2	2013	Raw material	A company with a registered capital of RMB401 million, headquartered in Binzhou, Shandong province, primarily engaged in the production, operation and R&D of aluminum alloy materials	N/A	Bank transfer
Supplier C	331,413	5.1	2019	Raw material	A company with a registered capital of RMB2.246 billion, headquartered in Baotou, Inner Mongolia Autonomous Region, principally engaged in the production of high-purity aluminum	N/A	Bank transfer
Total	1,868,959	28.9					

For the year ended December 31, 2025

Supplier A	454,956	5.6	2008	Brake disc	A professional manufacturer of automotive brake systems and pump components with a registered capital of RMB417 million, headquartered in Longkou, Shandong province	60 days after invoice	Bank transfer or acceptance
Supplier F	392,200	4.9	2016	Casting blanks and finished castings	A company with a registered capital of RMB68.02 million, headquartered in Huangshi, Hubei province, principally engaged in the R&D, production and sales of precision automotive component castings	60 days after invoice	Bank transfer or acceptance
Supplier G	374,667	4.6	2025	Raw materials	A company with a registered capital of RMB30 million, headquartered in Baotou, Inner Mongolia Autonomous Region, specializing in the R&D, production and sales of automotive component castings	Weekly settlement	Bank transfer

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Supplies	Purchase Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Major Product	Supplier Background	Payment Term	Settlement Method
	(RMB'000)	(%)					
Supplier D	336,298	4.2	2005	Wheel hub bearing	A company with a registered capital of RMB950 million, headquartered in Chongqing, primarily engaged in the R&D, manufacturing and sales of bearings and automotive components	90 days after invoice	Acceptance
Supplier H	302,715	3.7	2024	Raw materials	A company with a registered capital of RMB100 million, headquartered in Inner Mongolia Autonomous Region, primarily engaged in the manufacturing and processing of non-ferrous metal alloys	Weekly settlement	Bank transfer
Total	1,860,836	23.0					

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our Shareholders (who, to the knowledge of our Directors, owned more than 5% of our issued share capital) had any interest in our five largest suppliers in each year during the Track Record Period.

OVERLAPPING CUSTOMERS AND SUPPLIERS

Chery Group in 2023 and 2024 and Chery in 2025, as our largest customer, respectively, were also our suppliers. We sold automotive components and parts to them, and our purchases from them were primarily related to reimbursements for after-sales warranty services. We also incurred IP license fees from Chery in 2025. In 2023 and 2024, our purchase amounts from Chery Group amounted to RMB7.8 million and RMB12.8 million, representing 0.1% and 0.2% of our total purchases for the respective years, respectively. In 2025, our purchase amount from Chery amounted to RMB59.0 million, representing 0.7% of our total purchases for the same year. We also recorded purchases related to reimbursements for after-sales warranty services from each of our other five largest customers in each year during the Track Record Period, namely Customer A, Customer B, Customer C, Customer D and Customer E. Such reimbursement amounts from each of these customers accounted for less than 0.1% of our total purchases for the respective years. According to F&S, reimbursement for after-sales warranty services from OEMs to automotive component suppliers is a common industry practice and arrangement.

Our Directors confirm that, with respect to the overlapping customers and suppliers, sales and procurement transactions between us and such counterparties are not mutually incidental or conditional, and all sales and procurement transactions between us and such overlapping customers and suppliers are conducted in the ordinary course of business, based on our genuine business needs and on an arm's length basis and in accordance with normal commercial terms. Save for Chery, all of the

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aforementioned companies are Independent Third Parties as of the Latest Practicable Date. See “Continuing Connected Transactions.” To our best knowledge, none of our five largest suppliers in each year during the Track Record Period was also our customer.

QUALITY CONTROL

We have established, implemented and maintained a comprehensive quality and safety management structure for automotive intelligent chassis systems. As of the Latest Practicable Date, the majority of our manufacturing plants have obtained IATF 16949 automotive quality management system certification, with the scope of certification covering R&D and manufacturing processes of our full product portfolio.

In the procurement process, we have formulated the Procurement Control Procedures and the Supplier Management Manual to strictly enforce supplier admission requirements and performance monitoring. All outsourced components are subject to incoming inspection upon delivery. During the production process, we implement a three-tier inspection mechanism comprising self-inspection, cross-inspection and specialized inspection. Error-proofing measures are deployed at critical processes.

Research and Development

In the course of our R&D, we develop products in accordance with applicable laws, regulations and industry practices. We conduct a series of rigorous testing and validation procedures to ensure product quality and manage costs. We conduct extensive testing under various environmental conditions to meet diverse driving requirements of users worldwide.

Manufacturing

During the manufacturing process, we implement rigorous quality control measures and utilize advanced inspection equipment to ensure that all products meet high quality standards. In addition, our production facilities are equipped with robust systems to monitor key production processes, ensuring the consistent delivery of reliable products. We also adopt a range of intelligent manufacturing systems, including MOM, to enhance quality control. These systems enable real-time monitoring of product quality and tracking of equipment status and production progress. Through integrated data collection and analysis, we achieve digitalized quality control across the production process, allowing us to promptly identify abnormalities. Once any product defects are identified, our quality control department analyzes relevant quality or technical issues and implement corrective and preventive measures. We have established our evaluation standards, and our quality assessment department is responsible for reviewing product quality and production processes. We also conduct regular internal audits and management reviews to ensure that our quality control system remains effective and adequate.

Supply Chain

In terms of supply chain management, we have formulated comprehensive policies and procedures to ensure the quality of metal raw materials, basic mechanical components and electronic materials procured from our suppliers. We have established a stringent supplier admission system. See “Business — Suppliers.” In addition, we have implemented quality control procedures across the following stages: (i) **Quality admission requirements:** We strictly adhere to quality management standards such as IATF 16949 and ISO 9001, require all suppliers to meet the standard requirements, establish quality management systems in accordance with guidelines such as the latest version of the Product Quality Planning and Control Plan issued by the Automotive Industry Action Group, and obtain third-party certification. (ii) **Early-stage quality audits:** After suppliers are selected, we conduct audits of quality management system, processes, production capacity and special processes. Following the execution of formal agreements, suppliers are required to provide sample components together with performance

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testing reports. Only after successfully passing all quality indicators will suppliers be formally authorized to commence mass production. (iii) **Quality tracking management:** Once raw materials enter our production lines, we maintain tracking records and monitor quality on an ongoing basis. We also conduct at least one annual audits of suppliers to ensure continuous supervision of supplier quality.

See “— Sales and Marketing — Warranty and After-sales Services” and “Risk Factors — Risks Relating to Our Business and Industry — Undetected defects of our products could adversely affect our business, financial condition and results of operations.”

LOGISTICS AND WAREHOUSE

We have established a comprehensive and flexible warehousing and logistics network centered around our production facilities and locations of key customers, enabling us to support stable production schedules of customers and enhance on-time delivery. Where our collaboration with OEMs has reached stable and large-scale production, we primarily rely on self-operated warehouses located within the service radius of major OEMs to store and distribute mainly finished products, and, to a lesser extent, semi-finished goods and raw materials, enhancing efficiency and inventory control. However, where our cooperation with OEM customers is at an early stage or still ramping up, we utilize selected third-party warehouses in close proximity to OEM facilities as transit hubs. Through the combined use of self-operated and third-party warehouses, we balance cost efficiency and effectively meet diverse delivery needs across OEM customers, vehicle platforms and application scenarios, thus ensuring stable and efficient supply. For products stored in our own warehouses, we have adopted standardized warehouse management procedures covering receipt, storage, picking, packaging and delivery. We conduct regular physical inventory counts and reconciliations to ensure accuracy. For products stored at third-party warehouses, we implemented strict partner selection and risk control measures to ensure proper management and record accuracy.

In business operations, we engage third-party logistics service providers to transport products from our production facilities to locations specified by our OEM customers. Where practicable, we prioritize cooperation with logistics providers located close to warehouses to minimize logistics and transportation costs. We usually adopt open tendering when engaging logistics providers to ensure multiple service providers and diversified transportation risks, supporting timely delivery to OEM customers. Our products sold to overseas OEM customers are generally shipped under agreed contractual terms, primarily FCA trade terms.

The typical salient terms of our agreements with third-party logistics providers during the Track Record Period are set forth below: (i) **Term:** Our contracts with third-party logistics service providers are typically entered into for a term of one year. (ii) **Principal Rights and Obligations:** Third-party logistics service providers must strictly perform transportation, loading/unloading, and distribution tasks in accordance with contracts and regulations to ensure timeliness, safety and integrity. They are responsible for vehicle safety, driver management, in-transit monitoring, and abnormal reporting during transportation, and ensure the completeness, authenticity and timely return of cargo handover documents. For cargo damage, loss or delays caused by their own improper operations, they are responsible for corresponding liabilities and compensation. Third-party logistics service providers must comply with the logistics specifications of both OEMs and us (such as packaging, timeliness and factory entry requirements) and cooperate with us to complete work such as audits, inspections, emergency support and peak-season capacity support. (iii) **Risk Transfer and Settlement Methods:** The loading and unloading of goods are generally undertaken by us and OEM customers. Third-party logistics service providers are responsible for delivering the goods to the recipient, who, upon receipt, signs the freight bill, which is then returned to us as the basis for settlement. (iv) **Transportation**

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Standards: Third-party logistics service providers shall transport goods according to our specified methods and requirements. (v) **Termination:** Agreements may be terminated in accordance with agreed notice provisions or other contractual arrangements.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruptions or damages in relation to product delivery.

Inventory Management

Our inventory primarily includes raw materials, finished goods and semi-finished goods. As of December 31, 2023, 2024 and 2025, our inventory amounted to RMB1,037.1 million, RMB1,420.0 million and RMB1,807.4 million, respectively. Our inventory turnover days were 63.5 days, 59.7 days and 63.4 days in 2023, 2024 and 2025, respectively. To effectively balance inventory levels with production requirements, we have implemented inventory management policies to monitor inventory across our production facilities and warehouses, while maintaining relatively lean inventory levels. To enhance inventory control, we have implemented systems to record and monitor the inflow and outflow of materials on a regular basis, so as to maintain optimal inventory levels sufficient to support production needs while minimizing waste and obsolescence. Our inventory control policies support efficient management and enable timely response to market demand. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delays in product delivery due to inventory shortages.

INTELLECTUAL PROPERTY

We believe that our proprietary domain names, patents, copyrights, trademarks, trade secrets and other intellectual property rights are essential to our business operations. We devote substantial time and resources to the development and protection of our intellectual property rights. We rely on patent, copyright, trademark and trade secret laws and contractual protections to safeguard our intellectual property rights.

To protect our intellectual property rights, we have established a comprehensive internal management system, which specifies the full-process governance of various intellectual property rights, covering all business aspects including R&D, production and marketing. We provide protection through: (i) **results discovery and application protection:** we conduct patent literature searches at the early stage of R&D project initiation, regularly assess potentially patentable innovations throughout the development process and promptly advance intellectual property applications to ensure that all protectable results are duly secured; (ii) **continuous post-grant protection:** we have established a dual supervision and verification mechanism involving internal specialists and external agencies to prevent the lapse of rights due to procedural deficiencies. We also conduct regular evaluations of the value of our granted intellectual property rights and promote the commercialization, licensing and transfer of patents to enhance their economic value; (iii) **end-to-end infringement prevention measures:** to prevent potential infringement by competitive products and third parties, we have established an infringement reporting channel and regularly conduct training for employees to strengthen their awareness of intellectual property protection; (iv) **comprehensive infringement response measures:** upon identification of any infringement of our intellectual property rights, we promptly initiate responses and conduct special investigations, followed by post-incident reviews to prevent recurrence of similar issues; and (v) **stringent confidentiality and anti-leakage protection mechanism:** we have established strict end-to-end information leakage prevention measures, including granting file access on a need-to-know basis, prohibiting the use of external storage devices on work computers and entering into confidentiality agreements with key personnel.

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As of the Latest Practicable Date, we held 464 granted patents in the PRC (including 124 invention patents, 333 utility models and seven design patents) and 444 domestic patent applications pending (including 354 invention patent applications and 90 utility model applications). In terms of international patents, we held 46 Patent Cooperation Treaty (“PCT”) international patent applications and 10 granted PCT international patents. See “Appendix V — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights.”

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material infringement of our intellectual property rights or allegations of infringement by third parties. See “Risk Factors — Risks Relating to Our Business and Industry — If we fail to protect, or incur significant costs in defending, our intellectual property, trade secrets and other proprietary rights, our business, financial condition and results of operations could be adversely affected” and “— Third parties may assert or claim that we are infringing upon their intellectual property and proprietary rights, which could divert our management attention, cause us to incur additional costs and prevent us from selling or using the technology to which such rights relate.”

INFORMATION TECHNOLOGY

Our information technology (“IT”) systems are critical to supporting efficient operations and maintaining competitiveness. We have established a systematic IT system that covers all material aspects of our operations, including quality control, customer service, R&D, production and business operations. Our IT team is responsible for system development, upgrade and maintenance, as well as customized development for our business needs.

We deploy a suite of key IT systems across different operational stages. We have fully implemented MOM on our mass production lines, including enterprise-wide network management, infrastructure operations and maintenance and certain development functions. We also utilize ERP to mainly support financing management. Real-time process data during production, material flows, records of scrap and rework, and equipment utilization are digitally recorded, which can minimize manual input, ensure traceability and support data-driven continuous improvement. We have also established a closed-loop supply chain system, ensuring accurate and reliable data transmission and stringent control over changes. During the Track Record Period, we launched a unified application programming interface management platform to improve system integration efficiency and reduce redundant development. Our warehousing and logistics are system-managed, and we conduct regular inventory checks. During the Track Record Period and up to the Latest Practicable Date, we did not experience any IT system failures or downtime that may cause a material adverse effect on our business operations. Looking ahead, we will continue to advance our data systems, with a particular focus on data warehouse development and data integration, further enhancing our digital operational capabilities.

DATA PRIVACY AND PROTECTION

Data Collection and Data Protection Policies

During the Track Record Period and up to the Latest Practicable Date, as nearly all of our customers are OEMs, we did not collect personal data beyond necessary delivery and contact information, in accordance with applicable PRC data privacy and security laws and regulations and with prior customer consents. We have no access to vehicle data generated by end customers during their use of vehicles equipped with our automotive intelligent chassis systems. Our processing of personal information is primarily limited to personal information of necessary contacts involved in business cooperation with customers, suppliers and other business partners.

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We have implemented a strict information security management system to ensure compliance with relevant PRC laws and regulations. We conduct regular reviews to identify and manage any technological vulnerabilities, fulfilling our primary responsibility for data privacy and security. For example, we apply end-to-end data protection measures, including firewalls and antivirus software for network security, encryption of core data, multi-factor authentication and strict access controls, as well as regular vulnerability scanning and penetration testing to minimize the risk of data breaches.

We have implemented a series of stringent data protection policies and measures to ensure the data security of our information systems, and to ensure that the collection, processing, storage and use of personal data comply with applicable laws. These policies and measures include:

- **Personal Information Processing Compliance Protection:** Through personal information protection clauses in cooperation agreements, we clearly set out the scope, methods, purposes and rights relating to the processing of personal contact information, ensuring that personal information processing activities are legal and compliant.
- **Data security monitoring and risk assessment:** We conduct regular assessments of data protection risks, identify potential privacy vulnerabilities and implement corrective measures. We also provide routine cybersecurity training for all employees to enhance employee awareness.
- **Confidentiality Systems and Strict Access Controls:** We strictly base employees’ system access permissions on their job responsibilities. For example, engineers normally can only access project-related data, and sales personnel can only access the customer accounts they are responsible for. Any request for system access or modification must be submitted through a formal centralized approval process. We have a dedicated register to track and manage all permissions, ensuring timely updates when permissions are changed or revoked.
- **Supervision and audit:** We regularly review the implementation of our privacy protection policies. We continuously optimize our privacy protection policies and technical measures to address evolving regulatory requirements and security threats.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breaches of any mandatory requirements of applicable laws and regulations relating to the collection, storage, use and protection of personal data that may have a material impact on our business, nor did we experience any material incidents involving data leakage or data loss.

Data Storage and Cross-Border Transfer

All data collected or generated in the course of our ordinary operations in the PRC are stored in the domestic server. Data generated by our overseas production facilities and R&D centers is accessed through virtual servers, and we do not transfer any personal information or important data collected or generated in the course of our ordinary operations in the PRC to locations outside the PRC. As confirmed by our PRC counsel with regard to data compliance, during the Track Record Period and up to the Latest Practicable Date, we have complied with applicable PRC laws and regulations relating to cybersecurity, data security and personal information protection in all material respects.

COMPETITION

See “Industry Overview.”

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EMPLOYEES

As of December 31, 2025, we had 6,358 full-time employees in the PRC and overseas. The table below sets forth the number of our full-time employees by function as of December 31, 2025.

Function	Number of employees	Percentage (%)
Production	3,750	59.0
Sales	57	0.9
R&D	1,535	24.1
Technical	605	9.5
Finance	82	1.3
Administration	329	5.2
Total	6,358	100.0

We believe our employees are key to our success. When recruiting employees, we consider a range of factors, including their industry experience in the automotive intelligent chassis system sector, educational background and role requirements. We offer competitive remuneration packages, comprising fixed salaries and allowances based on positions and responsibilities. We enter into individual employment contracts covering remuneration, benefits, scope of employment and termination terms. In accordance with PRC social insurance regulations, we provide statutory social insurance. See “Risk Factors — Risks Relating to Doing Business in the Jurisdictions Where We Operate — We face certain legal and regulatory risks relating to social insurance and housing provident fund.”

Our employees receive training to enhance technical skills and awareness of quality, occupational health and safety, and applicable laws and legal requirements. As of the Latest Practicable Date, we maintain a labor union and maintained good employee relations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labor disputes, work stoppages or strikes that may cause any disruption to the operations of our Group, nor any material workplace accidents or injuries; and we complied in all material respects with applicable health and workplace safety laws and regulations.

INSURANCE

As of the Latest Practicable Date, we primarily maintain property and employer’s liability insurance. According to F&S, this is generally consistent with companies of comparable scale in the same industry in China. We believe that our insurance coverage is adequate and in line with industry practice. Our management reviews the adequacy of our insurance coverage from time to time and procures additional policies where necessary. We will continue to review and assess our risk profile and adjust our insurance coverage as appropriate to ensure alignment with our operational needs and prevailing industry practices. See “Risk Factors — Risks Relating to Our Business and Industry — Our business, operating results and financial condition could be adversely affected if our insurance coverage is insufficient to cover all losses or potential claims by our customers.” During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in connection with our business.

PROPERTIES

Our headquarters is located in Wuhu, Anhui province, the PRC. We own and lease several properties in the PRC and overseas.

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PRC Properties

Owned Properties

As of the Latest Practicable Date, our Company and major subsidiaries owned 40 properties in the PRC for which we have obtained real estate ownership certificates, with a total gross floor area of approximately 310,731.6 square meters. These properties are primarily used for office, R&D, production and dormitory. As of the Latest Practicable Date, our Company and major subsidiaries have not obtained the building real estate certificates for certain properties with an aggregate gross floor area of approximately 45,795.7 square meters in the PRC, primarily due to outstanding application materials. These properties are primarily used as staff dormitories and production facilities in our manufacturing operations. We believe that such title defects would not materially and adversely affect our business operations, taking into account that the relatively small proportion of the aggregate gross floor area of such properties compared to our total gross floor area. As advised by our PRC Legal Advisors, such lack of real estate ownership certificates would not have any material adverse effect on our business or results of operations since (i) such properties have obtained the relevant construction permits and the underlying land has been duly granted land use right certificates; and (ii) from the commencement of the use of such properties, the buildings have been used in the ordinary course of business and we have not been subject to any administrative penalties for violations of laws and regulations relating to building and construction during the Track Record Period.

Save as the property interests disclosed in Appendix VI to this document, no single property interest that forms part of property activities has a carry amount of 1% and no single property interest that forms part of non-property activities has a carry amount of 15% of our total assets as of December 31, 2025. Accordingly, pursuant to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Leased Properties

As of the Latest Practicable Date, our Company and our major subsidiaries leased eight properties in the PRC, with an aggregate gross floor area of approximately 27,335.1 square meters. These leased properties are primarily used for office, production and other purposes. Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. As of the Latest Practicable Date, our Company and our major subsidiaries had not yet completed the registration of the eight property lease contracts that are entered into in the PRC. As advised by our PRC Legal Advisors, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may have a maximum penalty of RMB10,000 imposed on us for each non-registered lease if we fail to complete the registration of any of our future lease agreements after we are requested to do so by the competent PRC government authorities. As of the Latest Practicable Date, we had not been ordered to make corrections by the competent local counterpart of Ministry of Housing and Urban Development. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with property-related laws and regulations regarding certain of our owned or leased properties could adversely affect our business.”

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Overseas Properties

As of the Latest Practicable Date, we owned two buildings in Saltillo, Coahuila, Mexico, with an aggregate land use right area of approximately 121,000 square meters, primarily for production.

In addition, we leased two properties in Michigan, the United States and Frankfurt, Germany, with an aggregate gross floor area of approximately 453 square meters, primarily for R&D and office purposes. Our management believes these leases were entered into according to applicable local laws and are valid and legally binding.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings in the ordinary course of business, which may result in costs and diversion of management time and resources, regardless of outcome. During the Track Record Period and up to the Latest Practicable Date, neither we nor our Directors were involved in any pending or threatened legal proceedings that may, individually or in aggregate, have a material adverse effect on our business, financial condition or results of operations. See “Risk Factors — Risks Relating to Our Business and Industry — Our reputation, business, operating results and financial condition could be adversely affected if we are involved in legal proceedings or commercial disputes.”

We are subject to regulatory requirements in the jurisdictions in which we operate. We are committed to monitoring the regulatory environment and have implemented adequate internal procedures and guidelines to manage our operations so as to mitigate potential non-compliance or misconduct. During the Track Record Period and up to the Latest Practicable Date, we were not subject to or involved in any non-compliance incidents that may result in fines, enforcement actions or other penalties, which could cause a material adverse effect on our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we have complied in all material respects with all applicable laws and regulations in the jurisdictions in which we operate.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all licenses, approvals and permits that are material and necessary for our business operations in the jurisdictions in which we operate, and such licenses, approvals and permits are valid and in full force and effect. The table below sets forth our material licenses, approvals and permits in the PRC:

No.	License/Permit/Approval	Issuing Authority	Holder	Expiry Date
1	Registration Receipt for Pollution Source (Fixed Source)	N/A ⁽¹⁾	Bethel	2028.08.21
2	Radiation Safety License	Department of Ecology and Environment (“DEE”) of Anhui province	Bethel	2029.12.24
3	Customs Registration of Importers and Exporters of Goods	Wuhu Customs	Bethel	2068.07.31

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No.	License/Permit/Approval	Issuing Authority	Holder	Expiry Date
4	Registration Receipt for Pollution Source (Fixed Source)	N/A ⁽¹⁾	Bethel Electronic	2028.11.08
5	Customs Registration of Importers and Exporters of Goods	Wuhu Customs	Bethel Electronic	2068.07.31
6	Pollutant Discharge Permit	DEE of Weihai city	Weihai Bethel	2029.09.28
7	Radiation Safety License	DEE of Weihai city	Weihai Bethel	2026.12.30
8	Customs Registration of Importers and Exporters of Goods	Weihai Customs	Weihai Bethel	2068.07.31
9	Registration Receipt for Pollution Source (Fixed Source)	N/A ⁽¹⁾	Zhejiang Wanda	2031.04.29
10	Customs Registration of Importers and Exporters of Goods	Qianjiang Customs Xiaoran Office	Zhejiang Wanda	2068.07.31
11	Registration Receipt for Pollution Source (Fixed Source)	N/A ⁽¹⁾	Zhejiang Shuangli	2030.10.26
12	Pollutant Discharge Permit	DEE of Suining city	Suining Bethel	2030.09.21
13	Registration Receipt for Pollution Source (Fixed Source)	N/A ⁽¹⁾	Wuhu Wanda	2030.02.25

(1) As stated on each registration receipt, there is no issuing authorities.

We may renew our licenses, permits and approvals from time to time to comply with applicable laws and regulations, and, as of the Latest Practicable Date, we did not anticipate any material obstacles to maintaining or renewing the licenses, permits and approvals required for our business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board and senior management are responsible for establishing and overseeing the implementation and effectiveness of our internal control framework. This framework is robustly structured to ensure our ongoing compliance with applicable laws and regulations governing our business operations and corporate governance, thereby avoiding recurrence of compliance deficiencies. We believe that our existing internal control mechanisms and procedures are adequate in terms of scope, feasibility and operational effectiveness.

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In the course of our ordinary business operations, we are inevitably exposed to various risks, including operational risks, market risks and financial risks. We implement a robust and adaptive risk management strategy and ensure that our operations remain resilient against potential adverse factors, securing our competitive position and financial stability. See “Risk Factors — Risks Relating to Our Business and Industry.”

To effectively manage risks, we have adopted or intend to adopt the following measures: (i) by maintaining stable relationships with existing suppliers and customers, we continue to diversify our customer and supplier base to mitigate reliance on any single counterparty; (ii) subject to commercial feasibility, we actively expand our supplier network; (iii) our management team closely monitors market trends and raw material price movements to maintain competitive sourcing; (iv) we maintain robust IT controls to ensure business continuity and data integrity; (v) we regularly review and adjust remuneration structures to attract and retain talent; (vi) we provide regular anti-corruption and anti-bribery compliance training and implement disciplinary measures; (vii) we strengthen reporting and record-keeping, conduct regular inspections and maintain emergency response procedures; (viii) our Directors closely monitor liquidity and may secure financing when necessary; and (ix) we have established an audit committee to oversee financial reporting and internal controls.

Furthermore, we have engaged an internal control consultant to review the effectiveness of our internal controls, identify areas for improvement, provide recommendations and review the implementation status of these remedial actions. To ensure the above compliance culture is embedded into everyday workflow and sets the expectations for individual behavior across the organization, we regularly review our risk management policies and procedures, adopt strict accountability and conduct ongoing compliance training. We are of the view that our internal control system is adequate and effective for our current operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

We are committed to protecting the environment, putting people first, creating value, and enhancing corporate governance for sustainable development. We have established a robust and comprehensive ESG governance structure to ensure effective management and regulatory compliance. The Board serves as the highest decision-making authority, responsible for reviewing and approving ESG targets, internal manuals and annual reports. To enhance oversight, the Board has delegated authority to the Strategy and Sustainability Committee (the “**Committee**”) to manage overall ESG matters. This includes identifying and assessing ESG-related risks and opportunities, monitoring progress against strategic goals and reviewing sustainability disclosures. The Committee held at least two meetings annually to review key ESG issues and ensure the comprehensive identification of material ESG risks relevant to our operations.

The ESG management team acts as the primary decision-making body for operational ESG matters, focusing on formulating sustainability strategies and supervising their implementation. Execution is carried out by ESG-related departments, including the Board office, human resources department, quality assurance department, production department and the R&D Center. These functional units translate our sustainability blueprint into concrete actions, undergoing regular supervision and adjusting workflows based on management recommendations.

We integrated ESG performance into our executive compensation framework, which covers key dimensions such as carbon reduction, energy efficiency, technological innovation and safety performance. This framework ensures that our long-term value creation is aligned with responsible corporate citizenship.

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Materiality Assessment

In accordance with the Shanghai Stock Exchange Listed Company Self-Regulatory Guidelines No. 14 — Sustainable Development Report (Trial), we have established an “Identification-Research-Evaluation-Review” framework to assess material ESG topics. Tailored to our specific industry characteristics and operational profile, we identified six primary stakeholder groups: government and regulatory authorities, employees, customers, shareholders and investors, suppliers and the community.

By maintaining regular communication and adopting a dual materiality assessment, we have clarified the potential impacts of key issues on both the environment and our business value. In our 2025 ESG annual report, we discussed 20 material ESG topics, comprising seven environmental, eight social and five governance issues.

Environmental Issue

Our operations adhere to a range of environmental protection laws and regulations concerning air, water and waste pollution, issued by the governments of the PRC. See “Regulatory Overview.” During the Track Record Period and up to the Latest Practicable Date, we complied with all applicable environmental laws and regulations and had not received any fines or penalties associated with a breach of any environmental laws or regulations.

Greenhouse Gas (“GHG”) Emissions

Scope 1 direct emissions are generated from manufacturing activities and company-owned vehicles, while Scope 2 indirect emissions result from purchased electricity and steam. For Scope 3, we have calculated Category 6 business travel emissions following the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard (2011). While our total GHG emissions increased during the Track Record Period, this growth was primarily aligned with our strategic business expansion. We remain committed to optimizing our carbon footprint as we continue to scale our operations.

The following table sets forth a breakdown of our GHG emissions during the Track Record Period.

GHG Emissions	Unit	Year ended December 31,		
		2023	2024	2025
Scope 1 emissions.	tons-CO ₂ e	18,119.40	30,071.21	34,528.90
Scope 2 emissions.	tons-CO ₂ e	82,745.40	109,681.68	124,158.96
Scope 3 emissions.	tons-CO ₂ e	54.51	149.39	246.61
GHG emissions (Scope 1,2&3).	tons-CO ₂ e	100,919.31	139,902.28	158,934.47
GHG emissions intensity (Scope 1,2&3).	tons-CO ₂ e/RMB in millions	13.50	14.08	13.23

Energy Management

We have implemented the Production Workshop Energy Saving and Consumption Reduction Management Measures to manage our energy conservation actions. Under this framework, managers of each production workshop serve as the primary responsible persons for setting targets and daily supervision, while the equipment department oversees company-wide inspection and assessment. Our strategy integrates systematic management with clean energy exploration to continuously improve utilization. Key initiatives include: (i) **Equipment Control:** Enforcing strict temperature standards (Summer $\geq 24^{\circ}\text{C}$; Winter $\leq 18^{\circ}\text{C}$) for air control system and deploying intelligent sensor lighting systems;

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(ii) **Equipment Upgrades:** Advancing automation and replacing high-energy assets with efficient alternatives, such as variable-frequency hydraulic systems; (iii) **Operation Optimization:** Monitoring equipment utilization per shift to dynamically adjust the operation of air compressors and heating, ventilation, and air conditioning systems based on real-time production needs; and (iv) **Renewable Energy:** Deploying distributed solar photovoltaic facilities at our Wuhu and Weihai bases, providing a strong foundation for our green, low-carbon transition.

Water Management

We source water primarily from municipal networks and encountered no sourcing difficulties during the Track Record Period and up to the Latest Practicable Date. To ensure conservation, we conduct regular inspections of supply lines to prevent leakage and have installed high-efficiency, sensor-based water fixtures in office areas.

Water data during the Track Record Period is shown as follows:

Water Consumption	Unit	Year ended December 31,		
		2023	2024	2025
Total water consumption . . .	tons	574,300.00	684,500.00	926,000.00
Total water consumption intensity	tons/RMB in millions	76.84	68.89	77.08

Air Emissions, Wastewater and Waste Management

We have established a systematic management framework for pollutants and waste, implementing full-process controls to minimize our environmental footprint. Regarding air emissions, we prioritize low-volatile organic compounds materials and ensure organized discharge for processes involving volatile organic compounds. Our integrated wastewater treatment station utilizes advanced processes, including oil separation, flocculation and Up-flow Anaerobic Sludge Blanket to treat production effluent centrally. We reduce the disposal of wastewater by recycling cutting fluids through specialized purification and scientific re-ratioing for production reuse.

In accordance with Waste Management Policy, non-hazardous waste is transferred to qualified third parties for recycling and further treatment. Hazardous waste follows a rigorous protocol involving classified collection, strict inventory management, and disposal by certified partners. Oily wastewater is treated onsite to meet discharge standards, while chemical containers, such as sulfuric acid bottles, are returned to suppliers for recovery. This approach ensures regulatory compliance while promoting a circular economy.

Hazardous and non-hazardous waste data during the Track Record Period is shown as follows:

Waste	Unit	Year ended December 31,		
		2023	2024	2025
Total hazardous waste	tons	2,072.98	2,839.76	3,623.79
Total hazardous waste intensity	tons/RMB in millions	0.28	0.29	0.30
Total non-hazardous waste . . .	tons	18,201.18	25,848.83	33,555.69
Total non-hazardous waste intensity	tons/RMB in millions	2.44	2.60	2.79

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Climate Change

Recognizing climate change as a strategic priority, we have identified six climate-related risks—comprising four transition risks and two physical risks—alongside three significant climate opportunities.

Regarding acute risks, we acknowledge extreme weather events such as typhoons and floods, could damage equipment and disrupt operations through power or water outages. To mitigate these impacts, we have implemented EHS Emergency Preparedness and Response Control Procedure and equipped key operational sites with backup power generation. To address chronic risks like rising average temperatures, which increase cooling demands and energy consumption, we have integrated climate resilience into our site selection and design standards for new facilities, prioritizing regions with higher environmental stability.

In terms of transition risks, we closely monitor evolving environmental policies and legal requirements to optimize our management systems. Upon [REDACTED], we will publish ESG reports in full compliance with the ESG Code under Appendix C2 of the Listing Rules. To navigate technological risks—driven by the rapid shift toward vehicle electrification and lightweighting—we conduct rigorous feasibility assessments, business scenario testing, and cost-benefit analyzes before scaling new technologies, ensuring our R&D investments remain competitive. To address market risks and the growing demand for low-carbon products, we have initiated life cycle carbon footprint assessments to identify key emission reduction areas. Furthermore, to safeguard our reputation against increasing public and investor scrutiny, we maintain transparent communication of our climate actions through our annual ESG reports and official channels.

We also captured climate-related opportunities to enhance our long-term competitiveness. We improve resource efficiency through the setting of annual energy-saving targets, which strengthens our cost control. To leverage energy source opportunities, we are expanding the installation of distributed rooftop solar systems, increasing our clean energy self-sufficiency while reducing reliance on fossil fuels. Finally, to seize global market opportunities for low-carbon automotive components, we develop tailored solutions that meet diverse international standards, highlighting our leadership in sustainable supply chains and low-carbon innovation to serve the global transition.

Environmental Targets

We actively align with the Paris Agreement and China’s “3060 Dual Carbon Goals” by establishing definitive climate-related targets. We have set a strategic management objective to continuously expand photovoltaic usage and increase the proportion of clean energy in our mix. In 2025, we successfully achieved our energy-saving target, reducing energy consumption per unit of output value by 5% compared to 2024. Beyond the energy saving imitative mentioned in above sections, we further reduced our GHG emissions by prioritizing the procurement of low-carbon materials, such as “green electricity aluminum,” reinforcing our commitment to a sustainable value chain.

The following table sets forth the future environmental targets:

Target Category	Reduction Targets by 2030
Scope 1&2 GHG emissions intensity reduction target	Based on the year 2024, Scope 1&2 GHG emissions per unit of output value will be reduced by 15%
Water consumption intensity reduction target	Based on the year 2024, water consumption per unit of output value will be reduced by 6%

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Social Issue

Employment and Labor Standards

We are committed to foster a diverse, inclusive and respectful working environment. Our Employee Handbook explicitly includes anti-harassment provisions, strictly prohibiting any form of harassment through physical actions, verbal communication or written text. We maintain a zero-tolerance policy toward child and forced labor, requiring full compliance with all applicable labor laws. During recruitment, we conduct rigorous identity verification to prevent such practices and remain steadfast in upholding equal pay for equal work and fair treatment for all employees. During the Track Record Period and up to the Latest Practicable Date, we did not recorded any material incidents of workplace discrimination or harassment.

Occupational Health and Safety

Company maintains a robust safety culture governed by comprehensive frameworks, including our Environmental and Occupational Health and Safety Management Manual and specialized environment, health and safety procedures. We conduct regular hazard inspections, maintaining classified ledgers to manage risks effectively. To ensure rapid crisis mitigation, we adhere to a emergency response target of “one-minute on-site response, three-minute team deployment, and five-minute resolution.” We also invest in safety leadership training for management and mandate rigorous professional certification for specialized operators to ensure all personnel are equipped and qualified to maintain a high-standard operational environment. During the Track Record Period and up to the Latest Practicable Date, there were no significant incidents or fatalities related to occupational safety or employee disputes.

Supply Chain Management

We have implemented a comprehensive Supplier Management Manual covering the entire lifecycle of supplier engagement, supported by a robust database that tracks component status and supplier performance levels. We mandate that all suppliers comply with applicable local laws and ensure that outsourced parts meet regulatory requirements.

Our procurement contracts now incorporate specific sustainability requirements, including occupational health and safety, carbon emissions, and waste management. To ensure compliance, we utilize a specialized module to systematically evaluate and monitor environmental and social performance. Furthermore, we conduct regular risk assessments based on probability and impact to refine our mitigation strategies. During the Track Record Period, all raw material suppliers signed “Integrity Agreements” and all component and material suppliers signed “Declarations of Non-Use of Prohibited Substances,” ensuring a transparent, compliant and resilient supply chain.

Anti-Corruption

We have established an anti-corruption policy framework, with the Board held the ultimate responsibility for all anti-corruption matters. We integrate oversight data from inspections, audits, and financial monitoring to foster a supervisory synergy. We also implemented audit plans and proactively monitor the ethical conduct of our business partners and suppliers annually. During the Track Record Period and up to the Latest Practicable Date, we have complied with all applicable anti-corruption laws and regulations and have not recorded any material corruption incidents.

To ensure transparency, we maintained multiple whistleblowing channels accessible to both internal employees and external stakeholders. Our Implementation Measures for Supervision and Reporting strictly safeguard whistleblowers through robust protection mechanisms. We also conduct multi-level anti-corruption training to reinforce a culture of integrity across the organization.

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AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we received awards and recognitions for our products, technologies and innovation. Our major awards are set out below:

Year	Award	Award-Winning Entity	Awarding Entity
2023	Outstanding Braking System Supplier — the 19th Top 100 China Auto Parts Suppliers List	Our Company	China Automotive News
2023	2022 Science and Technology Award — Innovation Team Award	Our Company	China Society of Automotive Engineers (“CSAE”)
2023	2023 China Automotive Supply Chain Top 100	Our Company and Wuhu Bethel Electronics	China Automotive News
2023	2023 China Automotive New Supply Chain Top 100 Award — Golden Series Award	Wuhu Bethel Electronics	Gasgoo
2023	2023 8th Lingxuan Award — Front-Wet and Rear-Dry Wire-Controlled Brake System	Wuhu Bethel Electronics	China Auto Supply Chain Summit
2023	Specialized and Sophisticated “Little Giant” Enterprise	Wuhu Bethel Electronics	MIIT
2024	Executive Member Entity	Our Company	CSAE
2024	Technology Innovation Ecosystem Partner	Our Company	China Automotive News
2024	Third Prize of Science and Technology Award from China Society of Automotive Engineers	Our Company	CSAE
2024	Best Technical Product of 2024 Automotive Disciplined Innovation Award for WCBS2.0H, and Best Quality Performance of China Automotive Industry Quality Conference 2024	Our Company	International Automotive Quality Standardization Association
2025	Second Prize of Science and Technology Award from China Society of Automotive Engineers	Wuhu Bethel Electronics	CSAE
2025	2025 Automotive Disciplined Innovation Award — Best Technology Product (Small-Bore Brake Caliper Technology Solution)	Our Company	International Automotive Quality Standardization Association
2025	2025 Quality Performance Excellence Award	Our Company	International Automotive Quality Standardization Association

CONTINUING CONNECTED TRANSACTIONS

Upon [REDACTED], certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which are expected to continue after the [REDACTED] and will constitute continuing connected transactions of our Company:

Name of our connected persons	Connected Relationship
Chery and its associates	Chery Technology, our substantial Shareholder holding [REDACTED]% of our Shares upon completion of the [REDACTED] (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming the [REDACTED] is not exercised and there are no other changes made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), is a wholly-owned subsidiary of Chery. As such, Chery is an associate of Chery Technology, and Chery and its associates (the “ Chery Connected Persons ”) constitute connected persons of our Company under the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Subject of transactions	Applicable Listing Rule	Waiver sought
Sales Framework Agreement	Chery	Sales of automotive components and parts by our Group to Chery Connected Persons	Rules 14A.35, 14A.36 and 14A.105	Announcement, circular and independent Shareholders’ approval
		Reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons	Rules 14A.35 and 14A.105	Announcement
R&D Service Framework Agreement	Chery	Provision of the technology development service by our Group to Chery Connected Persons	Rules 14A.35 and 14A.105	Announcement

CONTINUING CONNECTED TRANSACTIONS

Sales Framework Agreement

On [•], our Company, for itself and on behalf of its subsidiaries, entered into a sales framework agreement (the “**Sales Framework Agreement**”) with Chery, for itself and on behalf of its associates, pursuant to which, our Group agreed to sell and Chery Connected Persons agreed to purchase automotive components and parts, including but not limited to mechanical braking products, intelligent electronic control products and mechanical steering products, and our Group agreed to make the reimbursement for after-sales warranty services for products sold by our Group to Chery Connected Persons.

CONTINUING CONNECTED TRANSACTIONS

The initial term of the Sales Framework Agreement will commence on the [REDACTED] and end on December 31, 2026. Our Group and Chery Connected Persons will enter into separate underlying agreements which will set out the specific terms and conditions for the sales of automotive components and parts and the reimbursement for after-sales warranty services for such products sold by our Group to Chery Connected Persons according to the principles provided in the Sales Framework Agreement.

Pricing Policy

Automobile components and parts have historically been, and will continue to be, priced with reference to a combination of factors, including costs of materials, procurement costs, selling and administrative costs, package and logistics expenses which are attributable to the production of such products.

Based on the above factors, each finished automotive components and parts is ascribed a unit cost. The prices of such products are determined in the following order: (i) at prices not higher than the market prices, which represents (a) the price for provision of the same or similar products by the Independent Third Parties located in the same region or adjacent areas on normal commercial terms in the ordinary course of business; or (b) the price for provision of the same or similar products by the Independent Third Parties in the PRC on normal commercial terms in the ordinary course of business; and (ii) if no comparable market price, at prices with reference to actual costs or reasonable costs (whichever is lower) incurred plus a profit margin within the pre-agreed arm's length range.

For the reimbursement for after-sales warranty services for products sold by our Group to Chery Connected Persons, it shall be agreed at arm's length negotiation between the parties in the following order: (i) if such reimbursement is subject to government-prescribed price, the price is determined by the parties according to government-prescribed price, which represents the price determined in accordance with the laws, regulations, decisions, orders or pricing policies of the relevant government authorities; (ii) if such reimbursement is not subject to government-prescribed price, their price is determined by the parties with reference to the market price, which represents (a) the price for reimbursement of the same or similar products by the Independent Third Parties located in the same region or adjacent areas on normal commercial terms in the ordinary course of business; or (b) the price for reimbursement of the same or similar products by the Independent Third Parties in the PRC on normal commercial terms in the ordinary course of business; or (iii) if such reimbursement is not subject to government-prescribed price and market price, the price is determined by the parties with reference to, among others, actual costs of materials and procurement incurred, relevant tax and insurance, projected hourly cost for the after-sales staff as well as the agreed allocation ratio for such reimbursement between our Group and Chery Connected Persons.

Our Group will make reference to the quotations and terms of not less than two Independent Third Parties in respect of the relevant products in order to assess and review whether the quotations and terms of the products provided by us to Chery Connected Persons and the reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons are fair and reasonable and are no less favorable than those provided by our Group to such Independent Third Parties.

CONTINUING CONNECTED TRANSACTIONS

Historical Amounts and Proposed Annual Caps

Set out below are the historical transactions between our Group and Chery Connected Persons with respect to the transactions contemplated under Sales Framework Agreement during the Track Record Period and the proposed annual cap for the year ending December 31, 2026:

Transaction	Historical transaction amounts			Proposed annual cap
	For the year ended December 31,			For the year ending December 31,
	2023	2024	2025	2026
	<i>RMB 000</i>	<i>RMB 000</i>	<i>RMB 000</i>	<i>RMB 000</i>
Sales of automotive components and parts by our Group to Chery Connected Persons	2,724,257	4,345,385	4,643,823	6,674,320
Reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons.	7,073	12,489	13,131	24,445

The above proposed annual caps are determined with reference to:

- (i) historical amounts of sales of automotive components and parts by our Group to Chery Connected Persons during the Track Record Period;
- (ii) historical amounts of reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons during the Track Record Period;
- (iii) existing orders and contracts between our Group and Chery Connected Persons, as well as the expected orders and contracts in the foreseeable future, after taking into account the macroeconomic conditions, the development strategies and business expansion plan of our Group, and the estimated sales volume of approximately 6.5 million pieces of mechanical braking products, approximately 4.8 million units of intelligent electronic control products and approximately 1.7 million units of mechanical steering products from our Group to Chery Connected Persons;
- (iv) production capabilities of our Group and operation needs of Chery Connected Persons; and
- (v) the prevailing market price of the comparable products.

Reasons for the Transactions

Our Company believes that the transactions contemplated thereunder would benefit our Group for the following reasons:

- (i) the sales of automotive components and parts as well as the reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons will be at competitive prices not less favorable than those that our Group provide to Independent Third Parties;

CONTINUING CONNECTED TRANSACTIONS

- (ii) Chery is a leading passenger vehicle manufacturer designing, developing, producing and selling ICE vehicles and NEVs under five major brands, namely CHERY, JETOUR, EXEED, iCAR and LUXEED, with special specifications to our products from time to time to cope with its production needs. the transactions contemplated thereunder can expand our revenue and broaden our customer base as well as the sale networks for our products;
- (iii) the reimbursement for after-sales warranty services in respect of sold products enables our Group to enhance after-sale quality management, reduce potential after-sales risks and support continuous product improvement, while allowing quality-related costs to be separately and transparently charged in accordance with normal commercial practices;
- (iv) Chery Connected Persons and we have established a long-term relationship and understand the business plan and quality control of each other.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the annual cap for the sales of automotive components and parts by our Group to Chery Connected Persons under the Sales Framework Agreement is expected to exceed 5%, such continuing connected transactions are subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap for the reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons under the Sales Framework Agreement is expected to exceed 0.1% but be less than 5%, such continuing connected transactions are subject to the reporting, annual review and announcement requirements but exempt from independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

R&D Service Framework Agreement

On [•], our Company, for itself and on behalf of its subsidiaries, entered into a R&D service framework agreement (the “**R&D Service Framework Agreement**”) with Chery, for itself and on behalf of its associates, pursuant to which, our Group agreed to provide the R&D services as required, including but not limited to the R&D for automobiles and key automobile components and parts, technical verification and testing, and technical consultation services, to Chery Connected Persons.

The initial term of the R&D Service Framework Agreement will commence on the [REDACTED] and end on December 31, 2026. Our Group and Chery Connected Persons will enter into separate underlying agreements which will set out the specific terms and conditions for the provision of R&D service according to the principles provided in the R&D Service Framework Agreement.

Pricing Basis

The services fees under the R&D Services Framework Agreement shall be determined based on (i) market rates for comparable R&D services (i.e. prices at which Independent Third Parties in the same region provide the same or similar services on normal commercial terms in the ordinary course of business in respect of comparable projects); or (ii) cost-plus basis if there are no comparable market rates after taking into account the various aspects of the projects, such as project scale, development period, technical difficulties and risk factors. For R&D services which have no market price, the pricing will be determined based on the costs of providing the relevant service plus a margin rate in line with the industry practice after arm’s length negotiation between the parties.

CONTINUING CONNECTED TRANSACTIONS

Our Group will refer to its quotations for similar services to not less than two Independent Third Parties, so as to assess and review whether the services quotations provided by our Group to Chery Connected Persons in accordance with items above are fair and reasonable and are no less favorable than those provided to such Independent Third Parties.

Historical Amounts and Proposed Annual Cap

Set out below are the historical transactions between our Group and Chery Connected Persons with respect to the provision of the R&D services during the Track Record Period and the proposed annual cap for the year ending December 31, 2026:

Transaction	Historical transaction amounts			Proposed annual cap
	For the year ended December 31,			For the year ending December 31,
	2023	2024	2025	2026
	RMB 000	RMB 000	RMB 000	RMB 000
Provision of the technology development service by our Group to Chery Connected Persons.	20,679	45,087	24,389	33,680

The above proposed annual cap is determined with reference to:

- (i) historical amounts of provision of the R&D service by our Group to Chery Connected Persons during the Track Record Period;
- (ii) (a) projected total staff hours required for each R&D project; (b) projected hourly cost for the R&D staff based on historical cost or current market hourly wages; (c) other relevant costs incurred for the R&D projects; and (d) the range of margin rates in line with the industry practice over the estimated cost;
- (iii) existing and expected R&D projects in the foreseeable future, and R&D capabilities of our Group after considering the estimated stage of completion of the R&D projects for the year ending December 31, 2026 as well as operation needs of Chery Connected Persons;
- (iv) the prevailing market rate of the comparable R&D services; and
- (v) a buffer of approximately 5% to 10% for unexpected demands for the R&D services from Chery Connected Persons.

Reasons for the Transactions

Our Company believes that the transactions contemplated thereunder would benefit our Group for the following reasons:

- (i) our Group primarily offers R&D service to Chery Connected Persons. These services are mainly directed towards mechanical braking products, intelligent electronic control products and mechanical steering products, etc., to be used by the models under brands owned by Chery Connected Persons;
- (ii) the provision of the R&D service by our Group to Chery Connected Persons centralizes our core engineering and technology development capabilities, improving our overall R&D efficiency and avoiding duplicated investments across our Group;

CONTINUING CONNECTED TRANSACTIONS

- (iii) the provision of the R&D service by our Group to Chery Connected Persons facilitates the effective commercialization and application of R&D results across multiple vehicle platforms or related businesses, accelerating our technology deployment and enhancing economies of scale; and
- (iv) by acting as a R&D service provider, it reinforces our role as the technology and innovation hub for OEM vehicle manufacturers, supporting our long-term competitiveness.

Listing Rules Implications

In respect of the continuing connected transactions as described above, the highest applicable percentage ratio calculated in respect of the annual caps thereunder for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but be less than 5%. Accordingly, the continuing connected transactions thereunder are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules but will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In relation to the Sales Framework Agreement and the R&D Service Framework Agreement (collectively, the “**Framework Agreements**”), we have applied for, and the Stock Exchange [has granted] to us, a waiver from strict compliance with the reporting, announcement, circular, and/or independent Shareholders’ approval requirements (as the case may be) under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the year ending December 31, 2026 shall not exceed relevant annual amounts stated above. For details of the waivers, see “Waivers from Strict Compliance with Listing Rules”.

DIRECTORS’ VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions described above have been and shall be entered into: (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better, and (iii) that the continuing connected transactions and their respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SOLE SPONSOR’S VIEW

Based on the review of the documentation, information and data provided by our Company and the participation in the due diligence and discussion with our Company, the Sole Sponsor is of the view that, as of the Latest Practicable Date, (i) the aforesaid continuing connected transactions for which the waiver has been sought has been and will be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms or better, are fair and reasonable, and are in the interests of the Shareholders as a whole, and (ii) the proposed annual caps of the continuing connected transactions are fair and reasonable and in the interests of the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

INTERNAL CONTROL PROCEDURES ADOPTED BY OUR COMPANY IN RESPECT OF THE IMPLEMENTATION OF FRAMEWORK AGREEMENTS

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the Framework Agreements, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- we have adopted a connected transaction management policy for the purpose of ensuring that connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;
- prior to the execution of the underlying agreements for the transaction contemplated under the Framework Agreements, if quotations from Independent Third Parties are available, the relevant business department of our Company will compare the quotations offered by us with those offered by Independent Third Parties to ensure that the quotations offered by us are no less favorable than those offered by Independent Third Parties. If there are no quotations offer by Independent Third Parties, the relevant business department and the finance department of our Company will jointly determine the prices of the proposed transactions based on reasonable costs plus a reasonable profit to ensure that the prices are fair and reasonable;
- the finance department of our Company shall (i) regularly examine the pricing of the transactions under the Framework Agreements to ensure that those transactions are conducted in accordance with the pricing terms therein, and (ii) periodically monitor the transaction amounts under the Framework Agreements to ensure that our Company complies with all the applicable requirements under the Listing Rules, including those applicable for the revision of the relevant annual cap when appropriate;
- the department responsible for our Company’s legal affairs has reviewed the terms of the Framework Agreements and shall in case of any proposed change to the principal terms of the transactions, ensure that our Company complies with all the applicable requirements under the Listing Rules, including but not limited to publishing an announcement; and
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the Framework Agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Board is responsible and has the general authority for the management and operation of our Company. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

The senior management of our Company consists of four members who are responsible for the ordinary operations of our Company.

Directors

The table below sets forth the key information of our Directors as at the Latest Practicable Date:

Name	Age	Position	Date of Joining our Group	Date of Appointment as a Director	Roles and Responsibilities	Relationship with Other Directors or Senior Management
Mr. Yuan Yongbin . . .	63	Chairman, executive Director, and general manager	June 25, 2004	December 27, 2011	Responsible for overall daily operations and management of our Group	Father of Mr. Yuan Lawrence Pan
Mr. Chen Zhongxi (陳忠喜先生)	53	Executive Director, deputy general manager, and Board secretary	March 17, 2008	September 19, 2024	Responsible for daily operations and management of our Group	NA
Mr. Yuan Lawrence Pan	31	Executive Director	May 1, 2022	September 19, 2024	Responsible for daily operations and management of our Group	Son of Mr. Yuan Yongbin
Mr. Fu Pengjiu (付鵬九先生)	55	Non-executive Director	December 29, 2025	December 29, 2025	Responsible for high-level supervision of the management and operations of our Group	NA
Mr. Yang Simon Xiaoming	62	Non-executive Director	September 19, 2024	September 19, 2024	Responsible for high-level supervision of the management and operations of our Group	NA

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of Joining our Group	Date of Appointment as a Director	Roles and Responsibilities	Relationship with Other Directors or Senior Management
Mr. Liu Leon.	64	Non-executive Director	September 19, 2024	September 19, 2024	Responsible for high-level supervision of the management and operations of our Group	NA
Mr. Li Kaiguo (李開國先生)	64	Independent non-executive Director	September 19, 2024	September 19, 2024	Responsible for overseeing our Board and providing independent opinions and judgments	NA
Ms. Ma Lijun (馬黎珺女士)	35	Independent non-executive Director	October 28, 2022	October 28, 2022	Responsible for overseeing our Board and providing independent opinions and judgments	NA
Mr. Cheung Chin Wa (張展華先生)	42	Independent non-executive Director	April 20, 2026	April 20, 2026	Responsible for overseeing our Board and providing independent opinions and judgments	NA

Executive Directors

Mr. Yuan Yongbin, aged 63, served as the chairman of our Board and/or general manager of our Company from June 2004 to June 2023, and has served as the chairman of our Board and the general manager since June 2023. He was re-designated as an executive Director in April 2026 and has been responsible for overall daily operations and management of our Group. In addition, he has concurrently served as a director and/or general manager of several subsidiaries of our Company, including: (i) a director of Weihai Bethel Automotive Safety Systems Co., Ltd.* (威海伯特利汽車安全系統有限公司) since December 2012; (ii) a director of Suining Bethel Automotive Safety Systems Co., Ltd.* (遂寧伯特利汽車安全系統有限公司) since December 2016; (iii) a director and general manager of Wuhu Bethel Electronic Control Systems Co., Ltd.* (蕪湖伯特利電子控制系統有限公司) since March 2017; (iv) a director of WBTL DE SALTILLO, S.DE R .L. DE C.V since October 2020; (v) a director of Zhejiang Shuangli Automobile Intelligent Technology Co., Ltd.* (浙江雙利汽車智能科技有限公司) since December 2022; and (vi) a director of Zhejiang Wanda Automobile Direction Machine Co., Ltd.* (浙江萬達汽車方向機有限公司) since November 2023.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, Chairman Yuan successively served as an engineer and manager of the development department at Abex Inc. from December 1991 to December 1997. From January 1998 to June 2004, he served as a senior manager and chief engineer of foundation brake for the Asia-Pacific region at the North America Technical Center of TRW Automotive Holdings Corp., and was conferred the title of Fellow by TRW Automotive Holdings Corp. in October 2000.

Chairman Yuan obtained a doctoral degree of Mechanical Engineering from Michigan Technological University in the United States in November 1991. Chairman Yuan served as an expert for the China Working Party of the United Nations World Forum for Harmonization of International Vehicle Regulations (C-WP29) from 2009 to 2011, and as a council member of the Brake Committee of the China Association of Automobile Manufacturers (中國汽車工業協會制動器委員會) from 2010 to 2014. Chairman Yuan has served as the vice chairman of the Brake System Branch of the China Association of Automobile Manufacturers (中國汽車工業協會制動系統分會, formerly known as the Brake Committee of the China Association of Automobile Manufacturers) since 2016, an executive member of the tenth Council of the China Society of Automotive Engineers (中國汽車工程學會) since October 2023, and a member of the sixth session of the National Technical Committee of Automotive Standardization (全國汽車標準化技術委員會) since January 2026.

Mr. Chen Zhongxi (陳忠喜先生), aged 53, served as the chief financial officer of our Company from March 2008 to June 2023, has been the Board secretary since June 2015, and has served as the deputy general manager of our Company since June 2021. Mr. Chen was appointed as a Director in September 2024 and was re-designated as an executive Director in April 2026, responsible for daily operations and management of our Group. Mr. Chen concurrently served as a director of several subsidiaries of our Company, including: (i) Weihai Bethel Automotive Safety Systems Co., Ltd.* (威海伯特利汽車安全系統有限公司) since December 2012; (ii) Suining Bethel Automotive Safety Systems Co., Ltd.* (遂寧伯特利汽車安全系統有限公司) since December 2016; (iii) Wuhu Bethel Electronic Control Systems Co., Ltd.* (蕪湖伯特利電子控制系統有限公司) since July 2014; (iv) WBTL DE SALTILLO, S.DE R.L. DE C.V since October 2020; (v) Zhejiang Wanda Automobile Direction Machine Co., Ltd.* (浙江萬達汽車方向機有限公司) since May 2022; and (vi) Zhejiang Shuangli Automobile Intelligent Technology Co., Ltd.* (浙江雙利汽車智能科技有限公司) since October 2023.

Mr. Chen possesses over 20 years of experience in financial management. Prior to joining our Group, from June 2006 to March 2008, Mr. Chen served as the chief financial officer of Wuhu CIMC Ruijiang Automobile Co., Ltd.* (蕪湖中集瑞江汽車有限公司).

Mr. Chen obtained a bachelor's degree in Accounting from Anhui University of Finance & Economics (安徽財經大學) through correspondence courses in the PRC in January 2008. Mr. Chen obtained the qualification of the Intermediate Accounting by Ministry of Finance of the PRC in May 2004, the qualification of Internal Auditor by China Institute of Internal Audit (中國內部審計協會) in October 2004 and the qualification of Senior Economist by Wuhu Municipal Human Resources and Social Security Bureau (蕪湖市人力資源與社會保障局) in December 2011.

Mr. Yuan Lawrence Pan, aged 31, has successively served as a sales manager, a senior sales manager, a deputy director of international sales at the Marketing Center and assistant to the general manager of our Company since May 2022. He was appointed as a Director in September 2024 and was re-designated as an executive Director in April 2026, responsible for daily operations and management of our Group. He has also served as a director of WBTL DE SALTILLO, S.DE R .L. DE C.V, a subsidiary of our Company, since December 2025.

Mr. Yuan possesses over 8 years of experience in software engineering. Prior to joining our Group, Mr. Yuan served as a software engineer at Drive.AI, Inc. from July 2017 to June 2019. From February 2020 to January 2021, he served as a software engineer at UATC LLC, a subsidiary of Uber

DIRECTORS AND SENIOR MANAGEMENT

Technologies, Inc. (a company listed on the New York Stock Exchange, ticker: UBER). From January 2021 to April 2022, he served as a software engineer at Aurora Operations Inc, a subsidiary of Aurora Innovation, Inc. (a company listed on the Nasdaq Stock Market, ticker: AUR).

Mr. Yuan obtained a bachelor’s degree in Computer science from University of California, Los Angeles in the United States in March 2017.

Non-Executive Directors

Mr. Fu Pengjiu (付鵬九先生), aged 55, joined our Group in December 2025 and has served as a Director since then. He was re-designated as a non-executive Director in April 2026, responsible for high-level supervision of the management and operations of our Group.

Mr. Fu possesses over 30 years of experience in the automotive industry. From January 2009 to June 2009, he served as the production director of automotive electronics at Bosch Automotive Products (Suzhou) Co., Ltd. (博世汽車部件(蘇州)有限公司) and later in July 2009, he was assigned to work at Ansbach plant of Robert Bosch GmbH. From August 2011 to May 2012, he served as the general manager of Gates Unitta Power Transmission Systems (Suzhou) Limited* (蓋茨優霓塔傳動系統(蘇州)有限公司). From June 2012 to May 2015, he served as the general manager of Volvo Cars Chengdu Plant* (沃爾沃汽車成都製造廠). From May 2015 to April 2018, he served as the general manager of the China automotive steering systems division of NSK (China) Investment Co., Ltd. (恩斯克投資有限公司) (a wholly-owned subsidiary of NSK Ltd. whose shares are listed on the Tokyo Stock Exchange, stock code: 6471). From April 2018 to January 2019, he served as the executive vice president and chief operating officer of Qoros Automotive Co., Ltd.* (觀致汽車有限公司). From April 2019 to April 2021, he served as an assistant to the president at Evergrande New Energy Vehicle Investment Holding Group Co., Ltd. (恒大新能源汽車投資控股集團有限公司). From December 2021 to July 2024, he served as the vice president of manufacturing and supply chain at Hertz Technology Co., Ltd.* (浙江禾秒科技有限公司), a wholly-owned subsidiary of Hesai Group (a company listed on the Stock Exchange, stock code: 2525). Since December 2024, Mr. Fu has served as the general manager of Chery Technology. Since March 2025, he has served as the chairman of Anhui RedPower Microelectronics Co., Ltd.* (安徽瑞迪微電子有限公司).

Mr. Fu obtained a master’s degree in welding from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in April 1996.

Mr. Yang Simon Xiaoming, aged 62, joined our Group in September 2024 and has served as a Director since then. He was re-designated as a non-executive Director in April 2026, responsible for high-level supervision of the management and operations of our Group.

Mr. Yang possesses over 30 years of experience in corporate management and operations. Mr. Yang served as the global vice president and general manager for the Asia-Pacific region at Delphi Connection Systems Co., Ltd.* (德爾福連接器系統) (a subsidiary of Delphi Automotive Systems Corporation (now known as Aptiv PLC)) from February 2008 to December 2017, a director of Aptiv Electrical Systems Co., Ltd.* (安波福電氣系統有限公司) from August 2009 to February 2026, and the president of Delphi Automotive Systems Corporation in China from June 2014 to November 2017. Since October 2014, he has served as the chairman of Aptiv (China) Investment Co., Ltd.* (安波福(中國)投資有限公司, “Aptiv”). Since December 2003, Mr. Yang has served as the chairman of Aptiv (China) Technology R&D Co., Ltd.* (安波福(中國)科技研發有限公司). He has served as the chairman of certain subsidiaries of Aptiv, including: (i) Aptiv (China) Technology R&D Co., Ltd.* (安波福(中國)科技研發有限公司) since December 2003; (ii) Aptiv Connection Systems (Nantong) Ltd.* (安波福連接器系統(南通)有限公司) since December 2011; (iii) Aptiv Connection Systems (Shanghai) Ltd.* (安波福連接器系統(上海)有限公司) since January 2012; (iv) Aptiv Central Electric (Shanghai) Co., Ltd.*

DIRECTORS AND SENIOR MANAGEMENT

(安波福中央電氣(上海)有限公司) since February 2018; (v) Aptiv Connection Systems (Yancheng) Co., Ltd.* (安波福連接器系統(鹽城)有限公司) since August 2018; (vi) Aptiv (Suzhou) Enterprise Management Co., Ltd.* (安波福(蘇州)企業管理有限公司) since March 2022; (vii) Aptiv Connection Systems (Wuhan) Co., Ltd.* (安波福連接器系統(武漢)有限公司) since June 2024; (viii) Aptiv (Changshu) Technology Company Limited* (安波福(常熟)汽車技術研發有限公司) since September 2024; (ix) and Aptiv Intelligent Systems (Jiaxing) Co., Ltd.* (安波福智能系統(嘉興)有限公司). Since March 2026. Besides, he has also served as a director of Aptiv Connection Systems Holding Hong Kong Limited* (安波福連接器系統(香港)有限公司) since October 2012, and the president of China and the Asia Pacific region of Aptiv PLC (a company listed on the New York Stock Exchange, stock code: APTV) since December 2017.

Mr. Yang obtained a bachelor’s degree in Chemical Engineering and Materials Science from Tsinghua University (清華大學) in the PRC in July 1984, and a doctoral degree in Philosophy from the State University of New York in the United States in September 1995. Mr. Yang has served as the president of the Intelligent Manufacturing Branch of the Shanghai Foreign Investment Association since December 2022, and has served as an advisor to the International Entrepreneurs Advisory Committee of the Governor of Hubei Provincial People’s Government (湖北省人民政府) since March 2025.

Mr. Liu Leon, aged 64, joined our Group in September 2024 and has served as a Director since then. He was re-designated as a non-executive Director in April 2026, responsible for high-level supervision of the management and operations of our Group.

Mr. Liu possesses over 20 years of experience in corporate management and operations. Currently, Mr. Liu serves as the chairman of InnoStone Capital Co., Ltd. and the chairman of Stone River (Shanghai) Automotive Technology Co., Ltd.* (新良川(上海)汽車科技有限公司). From January 2005 to April 2014, he served as the president of the Asia-Pacific region of WABCO (now Commercial Vehicle Division of ZF Friedrichshafen AG); from May 2014 to September 2016, he served as the global president of the WABCO’s Truck/Bus/Passenger Car Division (威伯科卡車/客車/乘用車事業部); from September 2016 to February 2018, he served as the chief operating officer and chief executive officer of Qoros Automotive Co., Ltd.* (觀致汽車有限公司); from March 2020 to March 2023, he served as a chief strategy officer of BWI (Shanghai) Co., Ltd.* (京西重工(上海)有限公司); from January 2022 to March 2023, he served as a director of Loop Energy Technology (Shanghai) Co., Ltd.* (路普能源科技(上海)有限公司), a wholly-owned subsidiary of Loop Energy Inc. (a company formerly listed on the Toronto Stock Exchange, stock code: LPEN).

Mr. Liu obtained a doctoral degree in Engineering from Tokyo Institute of Technology University in Japan in March 1989.

Independent Non-executive Directors

Mr. Li Kaiguo (李開國先生), aged 64, joined our Group in September 2024, and has served as an independent non-executive Director since then, responsible for overseeing our Board and providing independent opinions and judgments.

Mr. Li possesses over 40 years of experience in the automotive industry. Since October 2022, he has served as an independent director of Zhuzhou CRRC Times Electric Co., Ltd.* (株洲中車時代電氣股份有限公司) (a company dual-listed on the Shanghai Stock Exchange (stock code: 688187) and the Stock Exchange (stock code: 3898)). Since November 2022, he has served as an independent director of Seres Group Co., Ltd.* (賽力斯集團股份有限公司) (a company dual-listed on the Shanghai Stock Exchange (stock code: 601127) and the Stock Exchange (stock code: 9927)). Since September 2023, he

DIRECTORS AND SENIOR MANAGEMENT

has served as an independent director of Guangxi Yuchai Machinery Co., Ltd.* (廣西玉柴機器股份有限公司) (a company listed on the New York Stock Exchange, stock code: CYD). Since February 2025, he has served as the chief counsel of the China Certification & Inspection (Group) Co., Ltd.* (中國檢驗認證(集團)有限公司). Currently, he also serves as a director of Qingling Motors (Group) Co., Ltd.* (慶鈴汽車(集團)有限公司).

From August 1983 to February 2000, Mr. Li successively served as an engineer, deputy director, and director at Chongqing Automotive Research Institute* (重慶汽車研究所). In September 1998, he was awarded the title of researcher-level senior engineer by China National Automotive Industry Corporation* (中國汽車工業總公司). From March 2000 to November 2006, he served as the general manager of the Automotive Testing Equipment Development Center of Chongqing Automotive Research Institute* and as the deputy director of the Chongqing Automotive Research Institute*. From December 2006 to May 2022, he successively served as a director, deputy general manager, member of the Party committee, general manager, deputy secretary of the Party committee, secretary of the Party committee, and chairman of China Automotive Engineering Research Institute Co., Ltd.* (中國汽車工程研究院股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601965).

Mr. Li obtained a bachelor’s degree in Engineering from Hunan University (湖南大學) in the PRC in July 1983. In December 1994, he was awarded the title of Science and Technology Expert of China’s Machinery Industry by the Ministry of Machinery Industry of the People’s Republic of China (中華人民共和國機械部). In April 2004, he was selected as one of the first batch of national-level candidates under the “New Century National Hundred, Thousand and Ten Thousand Talent Project” by the Ministry of Personnel of the People’s Republic of China (中華人民共和國人事部). In October 2004, he was awarded the title of State Council Special Allowance Expert by the State Council of the People’s Republic of China (中華人民共和國國務院). Since October 2023, he has served as the chief supervisor of the China Society of Automotive Engineers (中國汽車工程學會).

Ms. Ma Lijun (馬黎珺女士), aged 35, joined our Group in October 2022, and has served as an independent non-executive Director since then, responsible for overseeing our Board and providing independent opinions and judgments.

Ms. Ma possesses over 8 years of experience in accounting. From August 2017 to December 2020, she served as a lecturer at the University of International Business and Economics (對外經濟貿易大學). From August 2020 to February 2021, she served as a visiting scholar at City University of Hong Kong. From January 2021 to December 2024, she served as an associate professor at the University of International Business and Economics. Since January 2025, she has served as a professor at the University of International Business and Economics, where she is engaged in research and teaching in the fields of corporate financial management, corporate governance, and capital markets. Since April 2025, she has served as an independent director of Beijing Roborock Technology Co., Ltd.* (北京石頭世紀科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688169).

Ms. Ma obtained a bachelor’s degree in Management from Renmin University of China (中國人民大學) in China in June 2012, a master’s degree in Accounting from Renmin University of China in China in June 2015, and a doctoral degree in Accounting from Renmin University of China in China in June 2017. In November 2024, she was selected as a high-level accounting professional by the Ministry of Finance of the People’s Republic of China (中華人民共和國財政部).

Mr. Cheung Chin Wa (張展華先生), aged 42, joined our Group in April 2026, and has served as an independent non-executive Director since then, responsible for overseeing our Board and providing independent opinions and judgments.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung possesses over 17 years of experience in accounting, auditing, and corporate management. From June 2018 to May 2021, he successively served as the assistant to the general manager of the Strategy Department and the assistant to the general manager of the Finance and Resources Center (concurrently serving as the deputy general manager of the Operations and Finance Department) of Beijing Enterprises Clean Energy Group Limited (now known as Shandong Hi-Speed New Energy Group Limited (a company listed on the Stock Exchange, stock code: 1250)). Since May 2021, he has served as the company secretary and authorised representative of Shandong Hi-Speed New Energy Group Limited, responsible for corporate governance, investor relations, and sustainability matters. From January 2008 to May 2018, he worked at Ernst & Young and his last position was senior audit manager.

Mr. Cheung obtained a bachelor’s degree in Accounting from The Hong Kong Polytechnic University in Hong Kong in December 2007. In September 2012, he was admitted as a Certified Public Accountant by the Hong Kong Institute of Certified Public Accountants. In July 2018, he obtained a Practising Certificate from the Hong Kong Institute of Certified Public Accountants. In March 2021, he was admitted as a Fellow of the Hong Kong Institute of Certified Public Accountants. In September 2020, he became a Chartered Accountant of the Institute of Chartered Accountants in England and Wales. In April 2025, he was accredited as an ESG Analyst by the European Federation of Financial Analysts Societies.

Senior Management

The table below sets forth the key information of our senior management as at the Latest Practicable Date:

Name	Age	Position	Date of Joining our Group	Date of Appointment as Senior Management	Roles and Responsibilities	Relationship with Other Directors or Senior Management
Mr. Yuan Yongbin . . .	63	Chairman, executive Director, and general manager	June 25, 2004	June 25, 2004	Responsible for overall daily operations and management of our Group	Father of Mr. Yuan Lawrence Pan
Mr. Chen Zhongxi (陳忠喜先生)	53	Executive Director, deputy general manager, and Board secretary	March 17, 2008	March 17, 2008	Responsible for overseeing daily operations of our Group	NA
Mr. Cai Chun (蔡春先生)	45	Deputy general manager	September 13, 2004	June 18, 2015	Responsible for overseeing relevant business segments of our Group	NA
Ms. Wang Xiaojie (王孝杰女士)	43	Chief financial officer	January 5, 2007	June 20, 2023	Responsible for overseeing the financial management of our Group	NA

DIRECTORS AND SENIOR MANAGEMENT

For biographical details of Mr. Yuan Yongbin and Mr. Chen Zhongxi, see “— Overview — Directors — Executive Directors” above.

Mr. Cai Chun (蔡春先生), aged 45, joined our Group in September 2004. From September 2004 to January 2014, he successively served as the chief engineer, manager, senior manager, deputy director, assistant to the general manager, design director, and director of the project management department of our Company. He served as a Director from June 2018 to September 2024 and has served as the deputy general manager of our Company since June 2015, responsible for overseeing relevant business segments of our Group. From May 2022 to April 2026, he served as the chairman and general manager of Zhejiang Wanda Automobile Direction Machine Co., Ltd.* (浙江萬達汽車方向機有限公司).

Mr. Cai possesses over 20 years of experience in the automotive industry. From September 2002 to September 2004, Mr. Cai served as an engineer at FAW Hongta Yunnan Automobile Manufacturing Co., Ltd.* (一汽紅塔雲南汽車製造有限公司). From March 2014 to March 2015, he served as a technical expert at the Chassis Research Institute of Great Wall Motor Company Limited* (長城汽車股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601633).

Mr. Cai obtained a bachelor’s degree in Vehicle Operation Engineering from the Vehicle Management College of the CPLA (中國人民解放軍汽車管理學院) in the PRC in July 2002.

Ms. Wang Xiaojie (王孝杰女士), aged 43, joined our Group in January 2007. From January 2007 to February 2014, she successively served as a financial accountant, finance supervisor, and finance manager of our Company. From December 2019 to June 2023, she served as the finance manager of our Company. Since June 2023, she has served as the chief financial officer of our Company, responsible for overseeing the financial management of our Group. Since May 2022, Ms. Wang has served as a supervisor of Zhejiang Wanda Automobile Direction Machine Co., Ltd.* (浙江萬達汽車方向機有限公司). She has also served as a supervisor of Wuhu Bethel Intelligent Driving Co., Ltd.* (蕪湖伯特利智能駕駛有限公司), a subsidiary of our Company, since December 2019.

Ms. Wang possesses over 20 years of experience in finance. From October 2005 to August 2006, Ms. Wang served as a financial accountant at Anhui Sinonet & Xinlong Science & Technology Co., Ltd.* (安徽鑫龍電器股份有限公司) (a wholly-owned subsidiary of Anhui Zhong Dian Xin Long Science and Technology Co., Ltd.* (安徽中電鑫龍科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002298)). From March 2014 to December 2019, she served as the finance manager of Wuhu Gugao Automation Technology Co., Ltd.* (蕪湖固高自動化技術有限公司).

Ms. Wang obtained a bachelor’s degree in Financial Accounting from Anhui Science and Technology University (安徽科技學院) in the PRC in July 2005.

As of the Latest Practicable Date, Ms. Wang directly held 31,080 A Shares, representing approximately 0.003% of our A Shares.

Save as disclosed in this section, none of the Directors and senior management held any directorships in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas, in the three years immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed in this section, there are no other matters relating to the appointment of Directors that need to be brought to the attention of the Shareholders, nor is there any other information relating to the Directors that is required to be disclosed under Rule 13.51(2) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

For information on the interests of our Directors and General Manager in our Shares (as defined in Part XV of the Securities and Futures Ordinance), see “Appendix V — Statutory and General Information — C. Further Information on our Directors, Chief Executive and Substantial Shareholders”.

Further Information Regarding Our Directors and Senior Management

During the period from 2019 to February 2022, our Company and Mr. Chen Zhongxi (“**Mr. Chen**”), an executive Director, the deputy general manager and the Board secretary, received regulatory measures in the form of oral warnings and/or regulatory attention letter from the Shanghai Stock Exchange in relation to matters such as convertible bonds, related-party transactions, and outward investments, for failing to timely perform the approval procedures and information disclosure obligations. Our PRC Legal Advisors advised that the oral warnings and/or regulatory attention letter are non-punitive regulatory measures imposed by the Shanghai Stock Exchange and do not constitute administrative penalties or public censure under PRC laws, regulations or rules. In addition, given that (i) such events all occurred prior to the Track Record Period, and no similar events have occurred since the beginning of the Track Record Period and up to the Latest Practicable Date; (ii) such incidents were unintentional or resulted from misunderstanding of the relevant rule requirements, and did not involve any dishonest conduct; (iii) our Company and Mr. Chen have taken appropriate corrective measures after receiving the oral warnings and regulatory attention letter, including studying the relevant information disclosure regulations and making relevant disclosures, and there have been no further regulatory requests, actions or inquiries from the Shanghai Stock Exchange in respect of the foregoing events. Our Group has established adequate and effective internal controls and measures in preventing the recurrence of similar incidents, including but not limited to the adoption of Management Measures on Disclosure of Information and Management Measures on the Related-Party Transactions; and (iv) save as disclosed above, Mr. Chen has not been subject to any other penalties or involved in any other investigations, hearings or legal proceedings initiated or commenced by any securities regulatory authority or stock exchange in connection with the above events. Having taken into account the above, our Directors are of the view that the foregoing events do not affect the integrity and suitability of Mr. Chen to serve as a Director and senior management of our Company.

CONFIRMATION OF DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that (i) he/she has obtained the legal advice under Rule 3.09D of the Listing Rules on May 6, 2026; and (ii) he/she understands his/her responsibilities as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors has confirmed that (i) he or she satisfies the independence criteria as set out in Rules 3.13(1) to (8) of the Listing Rules; (ii) as of the Latest Practicable Date, he or she has not had and does not have any financial or other interest in the business of our Company or its subsidiaries, nor any connection with any core connected persons of our Company as defined under the Listing Rules; and (iii) there are no other factors that may affect his or her independence at the time of appointment.

Disclosure Pursuant to Rule 8.10(2) of the Listing Rules

As of the Latest Practicable Date, none of our Directors has any interest in any business that directly or indirectly competes with our business, which would require disclosure under Rule 8.10(2) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Joint Company Secretaries

Mr. Chen Zhongxi (陳忠喜先生) was appointed as one of our joint company secretaries in March 2026. For his biographical details, see “— Overview — Directors — Executive Directors” in this section.

Ms. Li Yee Ching (李漪澄女士), aged 35, has served as a joint company secretary of our Company. Ms. Li is a manager at Vistra Corporate Services (HK) Limited, a company that provides corporate accounting and secretarial services in Hong Kong. Ms. Li possesses over 10 years of experience in the field of company secretarial practice, and has previously served as a company secretary to several companies listed in Hong Kong.

Ms. Li was admitted as a member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in June 2019, and was granted the qualifications of Chartered Secretary and Chartered Governance Professional.

Ms. Li obtained a bachelor’s degree in Business Administration from The Chinese University of Hong Kong in Hong Kong in November 2014, and a master’s degree in Corporate Governance from The Open University of Hong Kong in Hong Kong (now known as Hong Kong Metropolitan University) in November 2017.

Board Committees

Our Company has established four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy and Sustainability Committee.

Audit Committee

The Audit Committee consists of three Directors, namely Ms. Ma Lijun (馬黎琚女士), Mr. Liu Leon and Mr. Cheung Chin Wa (張展華先生). Ms. Ma Lijun serves as the chairperson of the Audit Committee. Mr. Cheung Chin Wa (張展華先生) possesses the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The main responsibilities of the Audit Committee include, among others: (i) overseeing and evaluating the work of external auditors, including but not limited to proposing the appointment, replacement and removal of the external auditor, reviewing and approving the remuneration and terms of engagement of external auditors and any matters relating to their resignation or dismissal; reviewing and monitoring the independence and objectivity of external auditors and the effectiveness of the audit process in accordance with applicable standards, and discussing with the external auditor the nature and scope of the audit and the reporting obligations prior to the commencement of the audit; and formulating and implementing policies on the engagement of the external auditor to provide non-audit services; (ii) overseeing and evaluating the internal audit work; (iii) reviewing and monitoring the authenticity, completeness and accuracy of financial statements, annual reports and accounts, and interim reports; (iv) overseeing and evaluating the effectiveness of the financial reporting system, risk management framework, and internal control systems; (v) coordinating communication between the management, internal audit department and relevant departments and the external auditor; and (vi) taking the responsibilities of supervisory committee as stipulated in the Company Law.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. Li Kaiguo (李開國先生), Ms. Ma Lijun (馬黎珺女士) and Mr. Yuan Yongbin. Mr. Li Kaiguo (李開國先生) currently serves as the chairperson of the Nomination Committee.

The main responsibilities of the Nomination Committee include, among others: (i) reviewing at least annually the structure, size, and composition of our Board (including skills, knowledge and experience) based on the operating activities, asset scale and shareholding structure of our Company, assisting the Board in developing a board skills matrix, and making recommendations to the Board on any proposed changes to the size and composition of the Board to align with the strategy of our Company; (ii) formulating the selection criteria and procedures for Directors and senior management, selecting and reviewing candidates for Directors and senior management and their qualifications, and making recommendations to our Board; (iii) identifying qualified candidates for Directors and senior management; (iv) making recommendations to our Board on the appointment or reappointment of Directors, the succession plan for Directors (especially the chairman and general manager); (v) assessing the independence of independent non-executive Directors; and (vi) supporting our Company in the regular assessment of Board performance.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Li Kaiguo (李開國先生), Mr. Chen Zhongxi (陳忠喜先生) and Ms. Ma Lijun (馬黎珺女士). Mr. Li Kaiguo (李開國先生) currently serves as the chairperson of the Remuneration and Appraisal Committee.

The main responsibilities of the Remuneration and Appraisal Committee include, among others: (i) developing performance evaluation criteria for directors and senior management and conducting such evaluations, as well as formulating and reviewing remuneration policies and proposals for directors and senior management; (ii) making recommendations to our Board on the overall remuneration policy and structure for Directors and senior management, and establishing formal and transparent procedures for developing remuneration policies; (iii) reviewing and approving management’s remuneration proposals with reference to the corporate strategy and objectives set by our Board; (iv) making recommendations to our Board on the remuneration proposals of individual executive directors and senior management; (v) making recommendations to our Board on the remuneration of non-executive directors; (vi) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and (vii) performing other duties and responsibilities as assigned by our Board.

Strategy and Sustainability Committee

The Strategy and Sustainability Committee consists of five Directors, namely Mr. Yuan Yongbin, Mr. Fu Pengjiu (付鵬九先生), Mr. Li Kaiguo (李開國先生), Mr. Yang Simon Xiaoming and Mr. Yuan Lawrence Pan. Mr. Yuan Yongbin currently serves as the chairperson of the Strategy and Sustainability Committee.

The main responsibilities of the Strategy and Sustainability Committee include: (i) assessing and making recommendations on our long-term strategic plan and other significant matters that may affect our development strategy; and (ii) other matters authorized by the Board.

DIRECTORS AND SENIOR MANAGEMENT

Corporate Governance Code

We are committed to maintaining a high standard of corporate governance, which we believe is essential to protecting the interests of our shareholders. To this end, we expect to comply with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules upon [REDACTED], save that Chairman Yuan will concurrently serve as both the chairman of our Board and our general manager as set out below.

Pursuant to Code Provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should be performed by different individuals. Chairman Yuan serves as our chairman and general manager. Our Board believes that, as Chairman Yuan has been responsible for the operation and management of our Company since its inception and is familiar with the operations of our Group, in order to ensure the effective management and business development of our Group, it is in the best interests of our Group for him to assume both roles upon [REDACTED], and Chairman Yuan will provide our Group with strong and consistent leadership. As this structure enables our Company to make and implement decisions promptly and effectively, this arrangement ensures that our Group can make overall strategic planning more effectively and efficiently. Furthermore, our Company has established appropriate checks and balances through our Board and three independent non-executive Directors. Our independent non-executive Directors are able to maintain independence in character and judgment and to express their opinions free from undue constraint. Our Company will consult our Board on all material decisions. Therefore, our Board believes that the balance of power and authority under the existing arrangement will not be impaired as such arrangement does not result in an undue concentration of power in a single individual, which could otherwise adversely affect the interests of minority Shareholders.

Board and Workforce Diversity

Our Company has adopted policies on board and workforce diversity, which outline the approach to achieving board and workforce diversity. Our Company recognizes and embraces the benefits of a diverse Board and workforce, and believes that diversity at Board and employee levels (including gender diversity) is essential to maintaining the competitive strength of our Company and enhancing our ability to attract, retain and motivate employees from the broadest available talent pool.

According to the Board diversity policy, when reviewing and assessing candidates suitable to serve as Directors of our Company, the Nomination Committee will consider a range of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. In particular, the Board currently includes one female Director, and each of the Audit Committee, Nomination Committee and Remuneration and Appraisal Committee includes one female member. Our Company will continue to strive to enhance the gender diversity of our Board. Our Directors possess a balanced combination of knowledge and skills, and we have three non-executive Directors and three independent non-executive Directors with diverse industry backgrounds. Having considered our existing business model, specific needs and the diverse backgrounds of our Directors, the composition of our Board is consistent with the Board diversity policy. Under the Board diversity policy, the Nomination Committee will regularly discuss and, where necessary, agree upon relevant measurable targets for achieving Board diversity (including gender diversity), and make recommendations to the Board for formal adoption. We are also committed to promoting the diversity of our management team (including but not limited to senior management) through a similar approach, with a view to further enhancing our corporate governance effectiveness.

DIRECTORS AND SENIOR MANAGEMENT

According to our workforce diversity policy, we will continue to implement measures to promote gender diversity at all levels of our Group, including but not limited to the Board and senior management. We will continue to prioritize the development of female talent and provide long-term development opportunities for female employees, including but not limited to business operations, management, accounting and finance, and law and compliance. Therefore, we believe that by building a pool of female candidates, our Board will be well-positioned to identify and select outstanding female employees at the middle and senior management levels and nominate them as Directors in the future.

Remuneration of Directors and Senior Management

We compensate our executive Directors and senior management who are also employees of our Company in forms of fees, salaries, bonuses, allowances and benefits in kind, as well as contributions to retirement benefit schemes. The remuneration of Directors and senior management is determined with reference to a range of factors, including their responsibilities, risks and commitments, the market benchmark of the same industry and the operational conditions of our Company. Our independent non-executive Directors receive remuneration in accordance with their respective positions and responsibilities, including their service as members or chairpersons of Board committees.

The table below sets forth the total remuneration paid to our Directors and the five highest paid individuals (excluding Directors and supervisors of our Company) for each year during the Track Record Period.

	For the year ended December 31		
	2023	2024	2025
	(RMB million)	(RMB million)	(RMB million)
Directors	7.2	6.9	5.3
Five Highest Paid Individuals ^{Note}	2.9	—	2.6

Note: During the Track Record Period, four, five and three of the five highest paid individuals were Directors and supervisors of our Company, respectively. The table above set forth the total remuneration paid to the remaining one, nil and two individuals among the five highest paid individuals for December 31, 2023, 2024 and 2025, respectively.

During the Track Record Period: (i) no remuneration was paid to any Director or any of the five highest paid individuals as an inducement to join our Group or as compensation for loss of office; (ii) no compensation was paid or payable to any Director, former Director or any of the five highest paid individuals for the loss of office as a director of any member of our Group or for the loss of any other office in connection with the management of the affairs of any member of our Group; and (iii) no Director has waived or agreed to waive any remuneration.

Save as disclosed above and in “Financial Information”, “Appendix IA — Accountants’ Report” and “Appendix V — Statutory and General Information”, no other payments have been paid or are payable by our Group to our Directors and senior management during the Track Record Period. Based on the arrangements currently in force as at the date of this document, we estimate that the total remuneration payable to our Directors (including discretionary bonuses) for the year ending 31 December 2026 will be approximately RMB5.6 million. The actual amount may differ from this estimate.

For details of the remuneration paid to our Directors, as well as to the five highest paid individuals of our Group (on an aggregate basis) during the Track Record Period, see Notes 9 to the Accountants’ Report set out in Appendix IA.

See “Appendix V — Statutory and General Information — D. A Share Employee Stock Ownership Schemes” for details of our employee incentive schemes.

DIRECTORS AND SENIOR MANAGEMENT

Compliance Advisor

Our Company has appointed Rainbow Capital Limited as its compliance advisor in accordance with Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice on compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company in certain circumstances, including, among others:

- (i) prior to the publication of any regulatory announcements, circulars or financial reports;
- (ii) contemplated transactions which may constitute disclosable transactions or connected transactions, including the issuance of shares, disposal or transfer of treasury shares, and share repurchases;
- (iii) where our proposed use of the [REDACTED] from the [REDACTED] differs from that disclosed in this document, or where the business activities, developments or results of our Group deviate from any forecasts, estimates, or other information set out in this document; and
- (iv) when the Stock Exchange makes an inquiry to our Company pursuant to Rule 13.10 of the Listing Rules in respect of unusual fluctuations in the [REDACTED] or [REDACTED] of its [REDACTED] securities or any other matters.

The term of the compliance advisor will commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the [REDACTED]. Such appointment may be extended by mutual agreement between the parties.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Chairman Yuan was interested in approximately 23.07% of our A Shares, comprising (i) approximately 18.24% of our A Shares directly held by Chairman Yuan, and (ii) approximately 4.83% of our A Shares held by Bethel Investment Management, where Shanghai Henglu (a company wholly owned by Ms. Pan, the spouse of Chairman Yuan) acted as its executive partner and held approximately 6.70% partnership interest in it. Accordingly, Chairman Yuan, Bethel Investment Management, Shanghai Henglu and Ms. Pan constitute our Single Largest Group of Shareholders. For background and biographical details of Chairman Yuan, see “Directors and Senior Management — Executive Directors”.

Immediately following completion the [REDACTED], our Single Largest Group of Shareholders will in aggregate hold approximately [REDACTED]% of our Shares (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming the [REDACTED] is not exercised and there are no other changes made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]). Accordingly, upon [REDACTED], they will remain as our Single Largest Group of Shareholders.

INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Each of Bethel Investment Management and Shanghai Henglu is principally engaged in investment holding and has no actual operations. Each member of our Single Largest Group of Shareholders confirms that as of the Latest Practicable Date, he/she/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

Our Directors are satisfied, on the basis of the following reasons, that we are capable of carrying on our business independently from our Single Largest Group of Shareholders (including any close associates of such Single Largest Group of Shareholders) after [REDACTED].

Management Independence

We are able to conduct our business independently from our Single Largest Group of Shareholders from a management perspective. Upon [REDACTED], our Board will consist of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors, and we also have four senior management members (two of which are executive Directors). Chairman Yuan, a member of our Single Largest Group of Shareholders, is also our executive Director and general manager.

Our Directors consider that our Company is capable of functioning independently of our Single Largest Group of Shareholders for the following reasons:

- (a) our daily management and operations are carried out by all our executive Directors and the senior management, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. Saved for Chairman Yuan, none of the other Directors or senior management of our Company are close associates of the Single Largest Group of

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Shareholders or hold any management position and/or directorship in the Single Largest Group of Shareholders. For details of the industry experience of our executive Directors and the senior management, see “Directors and Senior Management”;

- (b) each Director is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit and in the interest of our Company and not allow any conflict between their duties as a Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;
- (c) we have appointed three independent non-executive Directors and certain matters of our Company must always be referred to our independent non-executive Directors for review; and
- (d) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would enhance our independent management, see “— Corporate Governance Measures”.

Based on the above, our Directors are of the view that our Group has our own management team and that we are capable of managing our business independently of our Single Largest Group of Shareholders and their respective close associates.

Operational Independence

We do not rely on our Single Largest Group of Shareholders and their close associates for our operations. While we are led by our executive Directors and senior management (one executive Director and general manager is also a member of our Single Largest Group of Shareholders), we have our own departments specializing in business development, research and development, administration, finance, internal audit, information technology, sales and marketing, human resources, legal and compliance, and company secretarial functions. Such departments specialize in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Single Largest Group of Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to conduct and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

As of the Latest Practicable Date, we did not expect to have any continuing connected transactions in the ordinary and usual course of business with any of the Single Largest Group of Shareholders or their respective associates upon [REDACTED].

Based on the above, our Directors are of the view that our Group operates independently from the Single Largest Group of Shareholders and their respective close associates.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Financial Independence

We have an independent financial system and make financial decisions according to our Group’s own business needs. We have internal control and accounting systems and an independent finance department. We do not expect to rely on the Single Largest Group of Shareholders and their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the [REDACTED] from the [REDACTED].

No loan, guarantee or other forms of financial assistance has been provided by, or granted to, our Single Largest Group of Shareholders or their respective close associates during the Track Record Period and as of the Latest Practicable Date.

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the CG Code, which sets out principles of good corporate governance, upon [REDACTED].

Our Directors recognize the importance of good corporate governance in protecting our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Single Largest Group of Shareholders:

- (a) where a general meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their respective associates has a material interest, our Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Group enters into connected transactions with our Single Largest Group of Shareholders and/or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules;
- (c) we are committed that our Board shall include a balanced composition of executive Directors and independent non-executive Directors. We have appointed three independent non-executive Directors, and believe our independent non-executive Directors (i) possess sufficient and diverse experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;
- (d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (e) we have appointed Rainbow Capital (HK) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

NON-COMPETITION UNDERTAKINGS

On October 27, 2016, each of Chairman Yuan and Bethel Investment Management executed a letter of non-competition undertaking in favour of our Company with irrevocable effect from the date of the letter to avoid competition with our business, pursuant to which, each of Chairman Yuan and Bethel Investment Management has undertaken that:

- (a) he/it and his/its controlled entities will not directly or indirectly participate or engage in any product manufacturing or similar business that competes or is likely to compete with our business of research and development, production and sales of automotive braking systems;
- (b) if he/it and his/its controlled entities are offered any business opportunity from any third party that constitutes or may constitute substantive competition with our business of research and development, production, and sales of automotive braking systems, he/it shall immediately notify our Company and use the best endeavours to procure that such business opportunity is first offered to us;
- (c) he/it and his/its controlled entities will not disclose or provide any commercial secret, including technical information, operational processes and sales channels, to any other company, enterprise, organization, or individual whose business competes or is likely to compete with our business of research and development, production, and sales of automotive braking systems; and
- (d) in an event of any breach of the above undertakings or if they are proven to be inaccurate, he/it will fully indemnify us against all direct and indirect losses incurred thereof.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), each of the following persons will have an interest and/or short position in Shares or the underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Number and class of Shares held	Assuming the [REDACTED] is not exercised		Assuming the [REDACTED] is fully exercised	
			Shareholding in our A Shares immediately after the [REDACTED] ⁽¹⁾	Shareholding in our total issued share capital immediately after the [REDACTED] ⁽²⁾	Shareholding in our A Shares immediately after the [REDACTED] ⁽¹⁾	Shareholding in our total issued share capital immediately after the [REDACTED] ⁽³⁾
			(%)	(%)	(%)	(%)
Chairman Yuan ⁽⁴⁾	Beneficial owner	163,694,423 A Shares	18.24	[REDACTED]	18.24	[REDACTED]
		14,574,260 A Shares	1.62	[REDACTED]	1.62	[REDACTED]
	Interest of spouse	43,384,400 A Shares	4.83	[REDACTED]	4.83	[REDACTED]
Chery ⁽⁵⁾	Interest in the controlled corporation	130,672,709 A Shares	14.56	[REDACTED]	14.56	[REDACTED]
		2,125,341 A Shares	0.24	[REDACTED]	0.24	[REDACTED]
Chery Technology ⁽⁵⁾	Beneficial owner	130,672,709 A Shares	14.56	[REDACTED]	14.56	[REDACTED]
		2,125,341 A Shares	0.24	[REDACTED]	0.24	[REDACTED]

Notes:

- (1) The calculation is based on the total number of 897,639,587 A Shares in issue as of the Latest Practicable Date.
- (2) The calculation is based on the total number of [REDACTED] Shares (consisting of 897,639,587 A Shares and [REDACTED] H Shares) in issue immediately after completion of the [REDACTED] (without taking into account the H Shares which may be issued upon the exercise of the [REDACTED]).
- (3) The calculation is based on the total number of [REDACTED] Shares (consisting of 897,639,587 A Shares and [REDACTED] H Shares) in issue immediately after completion of the [REDACTED] (after taking into account the H Shares which may be issued upon the exercise of the [REDACTED]).
- (4) As of the Latest Practicable Date, Shanghai Henglu, a company wholly owned by Ms. Pan, the spouse of Chairman Yuan, acted as the executive partner of Bethel Investment Management, and therefore, Chairman Yuan was deemed to be interested in the 43,384,400 A Shares held by Bethel Investment Management under the SFO.

SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, Chairman Yuan held the outstanding 2025 Convertible Bonds in the principal amount of RMB512,431,000, which were convertible to 14,574,260 A Shares upon full conversion, based on the conversion price of RMB35.16 per A Share as of the Latest Practicable Date.

On April 21, 2026, Bethel Investment Management pledged 4,600,000 A Shares to a PRC financial institution as security for its own financing needs, representing approximately 0.51% of our A Shares as of the Latest Practicable Date. Bethel Investment Management will only pledge additional Shares to the extent permissible under the Listing Rules and further announcement(s) will be made by our Company as and when appropriate and required under the Listing Rules. To the best knowledge of our Directors having made all reasonable enquiries, there has not been any adverse credit records against Bethel Investment Management in respect of any breach of repayment obligations under its indebtedness.

- (5) As of the Latest Practicable Date, Chery Technology was a wholly-owned subsidiary of Chery, and therefore, Chery was deemed to be interested in the 130,672,709 A Shares held by Chery Technology under the SFO.

As of the Latest Practicable Date, Chery Technology held the outstanding 2025 Convertible Bonds in the principal amount of RMB74,727,000, which were convertible to 2,125,341 A Shares upon full conversion, based on the conversion price of RMB35.16 per A Share as of the Latest Practicable Date.

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see “Appendix V — Statutory and General Information — C. Further Information about our Directors, Chief Executive and Substantial Shareholders — 5. Disclosure of Interests of Substantial Shareholders”.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB897,639,587 comprising 897,639,587 A Shares with a nominal value of RMB1.00 each, which are all listed on the main board of the Shanghai Stock Exchange (stock code: 603596).

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
A Shares	897,639,587	100.00
Total	897,639,587	100.00

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [REDACTED], excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming the [REDACTED] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
A Shares	897,639,587	[REDACTED]
H Shares to be [REDACTED] pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Immediately upon completion of the [REDACTED], excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming the [REDACTED] is fully exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
A Shares	897,639,587	[REDACTED]
H Shares to be [REDACTED] pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

SHARE CAPITAL

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be [REDACTED] or [REDACTED] by Hong Kong and other overseas [REDACTED] and qualified domestic institutional [REDACTED]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [REDACTED] and [REDACTED] by mainland Chinese [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to [REDACTED] H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the Shareholders’ general meeting of our Company held on April 20, 2026 and is subject to the following conditions:

- (1) *Size of the [REDACTED]*. The number of H Shares to be [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED] and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the above number of H Shares to be [REDACTED].
- (2) *Method of [REDACTED]*. The method of [REDACTED] shall be by way of an [REDACTED] to institutional [REDACTED] and a [REDACTED] for subscription in Hong Kong.

SHARE CAPITAL

- (3) *Target* [REDACTED]. The H Shares shall be [REDACTED] to public [REDACTED] in Hong Kong under the [REDACTED] and international [REDACTED], qualified domestic institutional [REDACTED] in mainland China and other [REDACTED] who are approved by mainland Chinese regulatory bodies to invest abroad in [REDACTED].
- (4) [REDACTED] *basis*. The [REDACTED] of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of our Company, acceptance of [REDACTED], the domestic and overseas capital market conditions and the risks related to the [REDACTED], according to international practice, through the demands for [REDACTED] and [REDACTED], and adopting a market-oriented [REDACTED] method.
- (5) *Validity period*. The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders’ general meeting was held on April 20, 2026. The validity period shall be automatically extended until completion of the [REDACTED] (including any exercise of the [REDACTED]), if our Company obtains the approval from the relevant regulatory authorities for the [REDACTED] and [REDACTED] of H Shares within the validity period.

There is no other approved [REDACTED] plans for our Shares except for the [REDACTED].

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstances under which a Shareholders’ general meeting is required, see “Appendix IV — Summary of Articles of Association — Shareholders and General meetings”.

FINANCIAL INFORMATION

You should note that the acquisition of Yubei Steering has not been completed as of the Latest Practicable Date. As a result, the historical operating results and financial conditions of our Group in 2023, 2024 and 2025 do not include the information of Yubei Steering. In addition, the consolidated financial information of our Group in 2023, 2024 and 2025 only includes the information of Bethel. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Yubei Steering.” To follow applicable regulations and disclosure requirements and for the purpose of presenting necessary key data to assess the financial impacts of the Acquisition of Yubei Steering, this document includes the audited historical financial information of Yubei Steering in 2023, 2024 and 2025 (see “Appendix IB — Accountants’ Report of the Target Group) and the discussion and analysis on the historical financial information of Yubei Steering in 2023, 2024 and 2025 in this section.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2023, 2024 and 2025 included in the Accountants’ Report set out in Appendix IA to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board (the “IASB”) and accounting principles generally accepted in Hong Kong.

The following discussion and analysis contain forward-looking statements that reflect our current views on future events and financial performance. 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. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider the information provided in the “Risk Factors,” “Forward-Looking Statements” and “Business” sections in this document.

OVERVIEW

We are a leading automotive intelligent chassis Chinese brand supplier and one of the few Chinese brand suppliers capable of integrating and mass producing automotive intelligent chassis systems with intelligent driving systems. We have achieved growth during the Track Record Period. In 2023, 2024 and 2025, we recorded revenues of RMB7,195.9 million, RMB9,635.6 million and RMB11,711.7 million, respectively, representing a CAGR of 27.6% from 2023 to 2025. Our profit for the year was RMB910.7 million, RMB1,222.0 million and RMB1,320.7 million in 2023, 2024 and 2025, representing a CAGR of 20.4% from 2023 to 2025.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS, which collective term includes all applicable individual IFRS and interpretations approved by the IASB. The principal accounting policies have been consistently applied to all the years presented, unless otherwise stated. Our consolidated financial statements as of and for the years ended December 31, 2023, 2024 and 2025 were audited by our Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in

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Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our historical financial information is presented in RMB, and all values are rounded to the nearest thousand except when otherwise indicated.

To comply with the requirements of Rule 4.04 and Rule 4.28 of the Listing Rules, as well as to present material information necessary for [REDACTED] to assess the impact of the Acquisition on our Group, this document includes (i) audited historical financial information of Yubei Steering for the years ended December 31, 2023, 2024 and 2025 (see “Appendix IB — Accountants’ Report of the Target Group); (ii) a discussion and analysis of the historical financial information of Yubei Steering for the years ended December 31, 2023, 2024 and 2025 (see “— Financial Information of Yubei Steering”); and (iii) unaudited pro forma consolidated statement of assets and liabilities as of December 31, 2025 of our Group and Yubei Steering (collectively as the “**Enlarged Group**”) (prepared by reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by HKICPA), assuming that the Acquisition was completed on December 31, 2025, (see “Appendix II — Unaudited [REDACTED] Financial Information — B. Unaudited Pro Forma Financial Information of the Enlarged Group”).

PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP WITH YUBEI STEERING

The unaudited pro forma financial information is presented to illustrate the impact on the financial position of our Group as if the Acquisition had been completed on December 31, 2025, which comprises the unaudited pro forma consolidated statement of assets and liabilities as of December 31, 2025 of the Enlarged Group. The unaudited pro forma financial information has been prepared in accordance with paragraph 4.29 of the Listing Rules. The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is prepared based on the audited consolidated statement of financial position of our Group and Yubei Steering as of December 31, 2025 as set out in Appendices IA and IB to the document, respectively. The unaudited pro forma consolidated statement of assets and liabilities of the enlarged group with Yubei Steering has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of the enlarged group as of December 31, 2025, or any future date. See Appendix II to this document.

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group with Yubei Steering as of December 31, 2025

	Our Group ⁽¹⁾	Yubei Steering ⁽²⁾	Pro forma adjustments ⁽³⁾	Unaudited pro forma statement of assets and liabilities of the Enlarged Group
	(RMB in thousands)			
ASSETS AND LIABILITIES				
Property, plant and equipment	3,529,492	522,590	147,475	4,199,557
Right-of-use assets	152,132	48,674	62,633	263,439
Intangible assets	21,734	23,993	410,018	455,745
Investment properties	—	820	1,870	2,690
Investments in associates and joint ventures	—	378,626	554,893	933,519
Financial assets at fair value through profit or loss	165,993	—	—	165,993

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	Our Group ⁽¹⁾	Yubei Steering ⁽²⁾	Pro forma adjustments ⁽³⁾	Unaudited pro forma statement of assets and liabilities of the Enlarged Group
	<i>(RMB in thousands)</i>			
Financial assets at fair value through other comprehensive income	84,137	—	—	84,137
Time deposits	242,557	—	—	242,557
Prepayments, other receivables and other assets	75,628	39,473	—	115,101
Deferred tax assets	16,796	70,970	(1,718)	86,048
Non-current assets	4,288,469	1,085,146	1,175,171	6,548,786
Inventories	1,807,420	257,644	22,947	2,088,011
Trade and notes receivables	3,908,601	1,017,012	—	4,925,613
Prepayments, other receivables and other assets	474,641	26,088	—	500,729
Financial assets at fair value through profit or loss	2,512,133	—	—	2,512,133
Financial assets at fair value through other comprehensive income	2,108,214	760,007	—	2,868,221
Restricted bank deposits	14,621	430,314	—	444,935
Prepaid income tax	2,520	19	—	2,539
Time deposits	391,988	—	—	391,988
Cash at bank and on hand	1,767,075	248,614	(341,400)	1,674,289
Current assets	12,987,213	2,739,698	(318,453)	15,408,458
Trade, notes and other payables	5,613,090	2,181,323	—	7,794,413
Contract liabilities	40,350	25,667	—	66,017
Borrowings	31,053	392,729	—	423,782
Bond payables	1,401	—	—	1,401
Lease liabilities	3,516	1,000	—	4,516
Income tax payable	98,124	392	—	98,516
Current liabilities	5,787,534	2,601,111	—	8,388,645
Net current assets	7,199,679	138,587	(318,453)	7,019,813
Total assets less current liabilities	11,488,148	1,223,733	856,718	13,568,599
Trade, notes and other payables	72,346	—	—	72,346
Borrowings	47,690	138,600	780,000	966,290
Bond payables	2,592,200	—	—	2,592,200
Lease liabilities	11,476	979	—	12,455
Deferred income	157,323	11,451	(11,451)	157,323
Provision	167,865	119,069	—	286,934
Deferred tax liabilities	24,528	9	152,921	177,458
Non-current liabilities	3,073,428	270,108	921,470	4,265,006
Net assets	8,414,720	953,625	(64,752)	9,303,593

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- (1) The amounts are extracted from the audited consolidated statement of financial position of our Group as of December 31, 2025 as set out in the Accountants’ Report of our Group included in Appendix IA to this document.
- (2) The amounts are extracted from the audited consolidated statement of financial position of Yubei Steering as of December 31, 2025 as set out in the Accountants’ Report of Yubei Steering included in Appendix IB to this document.
- (3) The pro forma adjustments reflect the allocation of the cost of the Acquisition to the identifiable assets and liabilities of Yubei Steering which represents: (a) the consideration of RMB1,121,400,000 in relation to the Acquisition; (b) the provisional fair value adjustments on the identifiable assets and liabilities of Yubei Steering as if the Acquisition had been completed on December 31, 2025; and (c) recognition of goodwill in relation to the Acquisition. See “Appendix II Unaudited [REDACTED] Financial Information — B. Unaudited Pro Forma Financial Information of the Enlarged Group.”
- (4) Other than the above adjustments, no other adjustments have been made to reflect any trading results or other transactions of our Group and Yubei Steering entered into subsequent to December 31, 2025.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our operating results have been and will continue to be affected, directly and indirectly, by a number of factors. The following factors are not exhaustive, and our business and financial condition may also be affected by the risk factors set forth in the “Risk Factors” in this document.

Development Trends and Market Competition in the Global and Chinese Mainland’s Automotive Intelligent Chassis System

Our results of operations are affected by the development trends and market competition in the global and Chinese Mainland’s automotive intelligent chassis system market.

According to F&S, in recent years, the global and Chinese Mainland’s automotive component industry, including the automotive intelligent chassis system sector, has been undergoing transformation and restructuring, driven primarily by key development trends, namely, electrification, intelligence and lightweighting. Amid rising global concerns over energy consumption and environmental protection, the new energy vehicle market has expanded rapidly, driving the formation of an electrification industry chain centered on batteries, electric motors and electronic control units, while accelerating the electrification of chassis systems such as braking, steering and suspension. In parallel, advances in end-to-end large models, lightweight sensor solutions and data-driven algorithms, supported by market demand and favorable policies, are propelling the rapid development and penetration of intelligent driving technologies. Increasing range requirements and increasingly stringent global emission standards have made vehicle and component lightweighting a key long-term development trend.

In recent years, China’s stable macro-economic environment, automotive market growth and supportive national industrial policies have contributed to a favorable environment for domestic automotive component manufacturers. A number of competitive Chinese automotive component players have emerged with strong technological and product capabilities, gaining recognition from OEM customers. As a result, Chinese automotive component companies have expanded market share, not only achieving import substitution in various domestic market segments but also playing an increasingly important role globally.

Despite the growth opportunities, the industry faces ongoing challenges. The trends toward electrification, intelligence and lightweighting require continuous technological upgrades and substantial R&D investment, while intense competition in the Chinese Mainland market necessitates sustained improvements in product quality and service capabilities. In addition, industry-wide price competition in recent years has led to margin compression, with pressure passed from OEMs to suppliers, posing challenges for cost control and development cycle management.

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Overall, the interplay between rapid market transformation and intensifying competition, both in the Chinese Mainland and overseas, remains a key factor influencing our pricing strategy, margin profile and product mix evolution, and will continue to have a material impact on our results of operations going forward.

Our Ability to Introduce and Develop Advanced Automotive Intelligent Chassis System

During the Track Record Period, we focused on the R&D, manufacturing and sales of mechanical braking products, intelligent electronic control products and mechanical steering products. Leveraging our diversified product offerings, we are able to supply major chassis components to OEM customers and conduct customized forward-development for customers’ model and platform specifications. Such forward-development capability enables us to participate in OEM customers’ vehicle development cycles at an early stage, allowing us to co-define technical specifications, enhance product compatibility and performance, and improve the likelihood of our products being adopted for mass production programs. Such model also reinforces customer stickiness and strengthens our long-term business relationships with major OEMs. See “Business — Our Products.”

Going forward, we will continue to launch new products to expand our product portfolio and meet diverse customer needs. We believe our proven ability to develop and deliver automotive intelligent chassis products allows us to curate a diverse product portfolio and serve our user base of evolving and diverse preferences.

Our Ability to Attract and Deepen Relationships with OEM Customers

Our ability to attract new OEM customers and deepen relationships with existing ones is critical to our long-term growth. As of December 31, 2025, we served over 50 OEM customers.

We have established strong relationships with a diverse group of top-tier OEMs, and we intend to further deepen our cooperation with existing customers. This allows us to scale the deployment of our solutions alongside the mass production of our customers’ vehicle models. In 2025, we obtained 605 design wins, covering a broad and expanding pipeline of vehicle models. Many of our customers are leading OEMs with significant market presence, and close collaboration with them allows us to remain responsive to evolving market demands and emerging industry trends. By participating early in the product development process, we work closely with OEMs to ensure alignment with their technical requirements and market positioning. This proactive engagement helps accelerate the introduction of our solutions, enhances the conversion from design-in to design win, and ultimately supports greater order volumes and customer retention. The ability to strengthen these strategic customer relationships has a direct impact on our results of operations and financial condition.

Our future growth also depends on our ability to acquire new customers. Our competitive advantages lie primarily in our ability to provide high-quality, reliable and cost-effective automotive intelligent chassis systems. In addition, our proven track record of cooperation with established OEMs enhances our brand reputation and facilitates broader market recognition through industry visibility and word-of-mouth referrals. We engage actively in industry events such as exhibitions. Sustaining and expanding these initiatives is essential for growing our customer base and will continue to influence our results of operations and financial condition.

Our Ability to Maintain Robust R&D Capabilities Effectively and Efficiently

We place strong emphasis on our R&D efforts and continuously enhance our R&D capabilities to improve the performance, reliability, durability and overall user experience of our automotive intelligent chassis systems. During the Track Record Period, we made consistent investments in R&D, as we believe that our technological capabilities form the cornerstone of our long-term competitiveness.

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and future development prospects. In 2023, 2024 and 2025, our R&D expenses were RMB449.8 million, RMB575.5 million and RMB605.5 million, representing 6.3%, 6.0% and 5.2% of our revenue during the same periods, respectively. To support our continued innovation, we are committed to investing in and retaining key R&D talent. As of December 31, 2025, our R&D team comprised 1,535 R&D employees, accounting for 24.1% of our total workforce as of the same date. We also intend to allocate a significant portion of the net [REDACTED] from the [REDACTED] to further strengthen our R&D capabilities. See “Future Plans and Use of [REDACTED].”

Driven by sustained R&D investment and our R&D expertise, we are actively expanding into the development of core robotics components, including rolling screws and motors, and building R&D and manufacturing capabilities for robotics joint modules. These products are highly synergistic with our existing operations and are positioned for rapid advancement as robotics applications continue to gain traction across various industries. Our established R&D and mass-production capabilities in automotive safety components, together with our comprehensive automotive-grade quality management system, offer us distinctive advantages in developing and manufacturing these robotics-related products, which we expect to become an important driver of our future growth.

Our long-term success depends on our ability to effectively execute our R&D strategies and efficiently commercialize technological achievements developed through these initiatives.

Our Ability to Manage Operating Costs and Improve Operational Efficiency

While innovation and technological advancement remain core priorities for us, our future profitability also depend on our ability to effectively manage operating costs and enhance operational efficiency. In 2023, 2024 and 2025, our cost of sales was RMB5,820.9 million, RMB7,861.8 million and RMB9,649.5 million, respectively, representing 80.9%, 81.6% and 82.4% of our total revenue for the same periods. Our cost of sales primarily comprised cost of materials, direct labor and manufacturing costs, with cost of materials constituting the largest component, accounting for 81.1%, 84.2% and 82.4% of our total cost of sales in 2023, 2024 and 2025, respectively. As a result, fluctuations in raw material prices or availability could materially affect our operating costs, gross profit margins and overall results of operations. To manage this, we have established a supply chain network and management system to ensure stable supply of high-quality raw materials and services at competitive prices.

Our profitability is also influenced by our ability to maintain disciplined cost control over our operating expenses, which primarily consist of selling expenses, general and administrative expenses and R&D expenses. During the Track Record Period, we maintained selling expenses at a relatively healthy level, representing 0.4%, 0.4% and 0.5% of our total revenue in 2023, 2024 and 2025, respectively. We also demonstrated an ability to manage R&D and general and administrative expenses in line with the scale of our operations. Our R&D expenses accounted for 6.3%, 6.0% and 5.2% of our total revenue in 2023, 2024 and 2025, respectively, while general and administrative expenses represented 2.5%, 2.5% and 2.6% during the same periods. We continue to focus on improving operational efficiency to ensure that our administrative expenses remain well-controlled.

As we continue to expand production of our existing products and anticipate introducing new offerings in the future, we expect to benefit from economies of scale, which will further enhance our operational efficiency and support improvements in our overall profitability.

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MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. The estimates and associated assumptions are based on our historical experience and various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates. Our management continuously evaluates such estimates, assumptions and judgments based on historical experience and other assumptions which our management believes to be reasonable under the circumstances. There has not been any material deviation between our management’s 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. Our material accounting policies and estimates, which are important for understanding our financial condition and results of operations, are set out in the Accountants’ Report in Appendix IA to this document, including notes 3.2 and 4 therein.

Revenue Recognition

Revenue mainly arises from sales of automotive components.

To determine whether to recognize revenue, we follow a five-step process: (i) identifying the contract with a customer; (ii) identifying the performance obligations; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognizing revenue when or as performance obligations are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time, when we satisfy performance obligations by transferring the promised goods or services to its customers.

Revenue from Sales of Goods

Revenue from sale of goods between us and our customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

For sales to customers in Chinese Mainland, in accordance with the terms of the contract, revenue is recognized either after the products are delivered to the customer’s manufacturing warehouse and confirmed for use, or after the products are delivered to the customer’s designated location and accepted by the customer.

For sales to overseas customers, revenue is recognized at the point in time when control of the products is transferred to the customer in accordance with the mutually agreed international commerce terms specified in the contract.

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DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of comprehensive income for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Revenue	7,195,851	100.0	9,635,551	100.0	11,711,707	100.0
Cost of sales	(5,820,901)	(80.9)	(7,861,800)	(81.6)	(9,649,539)	(82.4)
Gross profit	1,374,950	19.1	1,773,751	18.4	2,062,168	17.6
Other income	375,444	5.2	528,442	5.5	444,425	3.8
Other (losses) and gains, net . .	(4,147)	(0.1)	44,220	0.5	21,565	0.2
Research and development expenses	(449,781)	(6.3)	(575,517)	(6.0)	(605,497)	(5.2)
General and administrative expenses	(178,455)	(2.5)	(239,724)	(2.5)	(306,452)	(2.6)
Selling expenses	(32,230)	(0.4)	(39,889)	(0.4)	(60,295)	(0.5)
Net impairment losses (recognized)/reversed on financial assets	(38,762)	(0.5)	(85,805)	(0.9)	8,915	0.1
Finance costs	(30,061)	(0.4)	(10,150)	(0.1)	(35,705)	(0.3)
Profit before income tax . . .	1,016,958	14.1	1,395,328	14.5	1,529,124	13.1
Income tax expenses	(106,259)	(1.4)	(173,331)	(1.8)	(208,447)	(1.8)
Profit for the year	910,699	12.7	1,221,997	12.7	1,320,677	11.3

Revenue

During the Track Record Period, we primarily generated revenue from sales of mechanical braking products, intelligent electronic control products and mechanical steering products. See “Business — Our Products.” In 2023, 2024 and 2025, our revenue were RMB7,195.9 million, RMB9,635.6 million and RMB11,711.7 million, respectively.

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Revenue by Business Segment

Our revenues in all business segments increased during the Track Record Period, primarily driven by (i) increasing demand for our products; and (ii) our growing customer base in both the Chinese Mainland and overseas. The following table sets forth a breakdown of our revenue by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Mechanical braking products . .	3,348,526	46.5	4,427,473	45.9	5,144,981	43.9
Intelligent electronic control products	3,276,860	45.5	4,507,786	46.8	5,826,441	49.7
Mechanical steering products . .	480,634	6.7	556,507	5.8	570,912	4.9
Others ⁽¹⁾	89,831	1.3	143,785	1.5	169,373	1.5
Total	7,195,851	100.0	9,635,551	100.0	11,711,707	100.0

(1) Others mainly included spare parts and molds.

Revenue by Geographical Location

The table below sets forth a breakdown of our revenue by geographical location for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Chinese Mainland	6,321,695	87.9	8,519,344	88.4	10,261,304	87.6
Other countries/regions	874,156	12.1	1,116,207	11.6	1,450,403	12.4
Total	7,195,851	100.0	9,635,551	100.0	11,711,707	100.0

The increase in our revenue from the Chinese Mainland during the Track Record Period was primarily due to increased demand for our products, especially our mechanical braking and intelligent electronic control products. In particular, in 2024, we experienced a notable increase in demand from our major customers in Chinese Mainland.

Our revenue from other countries and regions were RMB874.2 million, RMB1,116.2 million and RMB1,450.4 million, respectively, during the Track Record Period, primarily due to (i) increased overseas sales of our mechanical braking and intelligent electronic control products, particularly following the commencement of mass production at our Mexico production facility in the second half of 2023; and (ii) our growing customer base overseas, including (a) an over 40% increase in the number of overseas customers during the Track Record Period and (b) broader sales network coverage in markets such as France, Spain, Morocco, Argentina, Italy and the United Kingdom.

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Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) cost of materials, which primarily represent costs of aluminum ingots, mechanical basic components and electronic materials; (ii) direct labor; and (iii) manufacturing costs. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Cost of materials	4,719,670	81.1	6,618,023	84.2	7,952,141	82.4
Direct labor	386,623	6.6	511,525	6.5	702,048	7.3
Manufacturing costs	576,055	9.9	528,170	6.7	737,161	7.6
Others ⁽¹⁾	138,553	2.4	204,082	2.6	258,189	2.7
Total	5,820,901	100.0	7,861,800	100.0	9,649,539	100.0

(1) Others mainly included logistic fees, warranty costs, warehousing fees and packaging fees.

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit was RMB1,375.0 million, RMB1,773.8 million and RMB2,062.2 million, respectively, generally in line with the increased sales of our products. In 2023, 2024 and 2025, our gross profit margin was 19.1%, 18.4% and 17.6%, respectively. Such changes in gross profit margin throughout the Track Record Period were primarily because (i) the gross margins from our overseas sales of lightweight chassis components was compressed, as increases in aluminum ingot prices were passed on to customers with a lag; and (ii) our Mexico production facility was in the production capacity build-up and ramp-up stage. Such decreases were partially offset by an increase in the gross profit margin of our intelligent electronic control products, primarily attributable to (i) continued growth in sales of our higher-margin EPB products throughout the Track Record Period; and (ii) a notable increase in our WCBS product sales in 2024 and the benefits of economies of scale. The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	GP	GPM	GP	GPM	GP	GPM
	<i>(RMB in thousands, except for GPM in percentages)</i>					
Mechanical braking products	680,219	20.3	800,329	18.1	791,287	15.4
Intelligent electronic control products . .	612,681	18.7	860,606	19.1	1,160,831	19.9
Mechanical steering products	55,104	11.5	60,943	11.0	52,618	9.2
Others ⁽¹⁾	26,946	30.0	51,873	36.1	57,432	33.9
Overall/Total	1,374,950	19.1	1,773,751	18.4	2,062,168	17.6

(1) Others mainly included spare parts and molds.

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

	Year ended December 31,					
	2023		2024		2025	
	GP	GPM	GP	GPM	GP	GPM
<i>(RMB in thousands, except for GPM in percentages)</i>						
Chinese Mainland	1,061,698	16.8	1,404,135	16.5	1,747,851	17.0
Other countries/regions	313,252	35.8	369,616	33.1	314,317	21.7
Overall/Total.	1,374,950	19.1	1,773,751	18.4	2,062,168	17.6

In 2023, 2024 and 2025, our gross profit from the Chinese Mainland was RMB1,061.7 million, RMB1,404.1 million and RMB1,747.9 million, with the gross profit margins remaining relatively stable at 16.8%, 16.5% and 17.0%, respectively.

In 2023, 2024 and 2025, our gross profit from other countries and regions was RMB313.3 million, RMB369.6 million and RMB314.3 million, with the gross profit margins of 35.8%, 33.1% and 21.7%, respectively. Such decreases were primarily (i) due to the margin compression from overseas sales of lightweight chassis components, particularly in 2024 and 2025, mainly as increases in aluminum ingot prices were passed on to certain customers with a lag; and (ii) because our Mexico production facility was in the production capacity build-up and ramp-up stage.

Other Income

During the Track Record Period, our other income primarily consisted of (i) sales of scrap materials; (ii) rendering of research and development services for our products tailored to newly secured design wins, including software development and braking system development; (iii) other government grants; (iv) additional deduction for value added tax (“VAT”) for advanced manufacturing industries; and (v) interest income. In 2023, 2024 and 2025, our other income was RMB375.4 million, RMB528.4 million and RMB444.4 million, respectively. See note 6 to the Accountants’ Report in Appendix IA to this document.

Other (Losses) and Gains, Net

During the Track Record Period, our other (losses) and gains, net, primarily consisted of (i) fair value gains from the financial assets at fair value through profit or loss (“FVTPL”); (ii) net losses on disposal of notes receivables measured at fair value through other comprehensive income (“FVTOCI”); (iii) net foreign exchange gains or losses; and (iv) dividends received from financial assets at FVTOCI. In 2023, we recorded net other losses of RMB4.1 million. In 2024 and 2025, we recorded net other gains of RMB44.2 million and RMB21.6 million, respectively. See note 7 to the Accountants’ Report in Appendix IA to this document.

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Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) employee benefit expenses; (ii) research, testing and development fees; and (iii) research and development materials consumed. The following table sets forth a breakdown of our research and development expenses by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Employee benefit expenses ⁽¹⁾	267,936	59.6	340,578	59.2	367,970	60.8
Research, testing and development fees	71,812	16.0	97,437	16.9	93,921	15.5
Research and development materials consumed	49,132	10.9	58,929	10.2	60,718	10.0
Depreciation and amortization.	19,610	4.4	23,250	4.0	25,645	4.2
Others ⁽²⁾	41,291	9.1	55,323	9.7	57,243	9.5
Total	449,781	100.0	575,517	100.0	605,497	100.0

(1) Including share-based payment expenses.

(2) Others mainly included energy and fuel costs and traveling expenses.

General and Administrative Expenses

During the Track Record Period, our general and administrative expenses primarily consisted of (i) employee benefit expenses; and (ii) depreciation and amortization. The following table sets forth a breakdown of our general and administrative expenses by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Employee benefit expenses ⁽¹⁾	98,662	55.3	144,966	60.5	187,129	61.1
Depreciation and amortization.	25,434	14.3	28,507	11.9	33,221	10.8
Business development, office and travelling expenses	18,386	10.3	30,288	12.6	30,335	9.9
Professional service fees	8,414	4.7	7,668	3.2	17,894	5.8
Maintenance and utilities	9,729	5.5	10,300	4.3	14,035	4.6
Others ⁽²⁾	17,830	9.9	17,995	7.5	23,838	7.8
Total	178,455	100.0	239,724	100.0	306,452	100.0

(1) Including share-based payment expenses.

(2) Others mainly included bank charges.

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Selling Expenses

During the Track Record Period, our selling expenses primarily consisted of (i) market development expenses; (ii) lease expenses; and (iii) employee benefit expenses. The following table sets forth a breakdown of our selling expenses by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Market development expenses	10,468	32.5	11,582	29.0	16,530	27.4
Lease expenses	3,305	10.3	5,499	13.8	16,244	26.9
Employee benefit expenses	11,401	35.4	13,717	34.4	14,967	24.8
Business development, office and traveling expenses	4,943	15.3	5,162	12.9	7,410	12.3
Others ⁽¹⁾	2,113	6.5	3,929	9.9	5,144	8.6
Total	32,230	100.0	39,889	100.0	60,295	100.0

(1) Others mainly included maintenance costs and consultancy and service fees.

Net Impairment Losses (Recognized)/Reversed on Financial Assets

During the Track Record Period, our net impairment losses recognized or reversed on financial assets represented expected credit losses or reversal of the expected credit loss on our trade and notes receivables. In 2023 and 2024, we recorded net impairment losses recognized on financial assets of RMB38.8 million and RMB85.8 million, respectively. In 2025, we recorded net impairment losses reversed on financial assets of RMB8.9 million.

Finance Costs

During the Track Record Period, our finance costs primarily consisted of interest expenses on (i) borrowings; (ii) bonds payable; and (iii) lease liabilities. In 2023, 2024 and 2025, we recorded finance costs of RMB30.1 million, RMB10.2 million and RMB35.7 million, respectively.

Income Tax Expense

In 2023, 2024 and 2025, we recorded income tax expenses of RMB106.3 million, RMB173.3 million and RMB208.4 million, respectively. Our income tax expense primarily included during the Track Record Period the PRC enterprise income tax (“EIT”) and applicable income taxes of other countries where we conduct business or have establishment. See note 11 to the Accountants’ Report in Appendix IA to this document.

The PRC

Under the PRC Enterprise Income Tax Law and the respective regulations, the EIT for a company and its subsidiaries are calculated at a statutory rate of 25%, on their estimated taxable profits for the respective year based on applicable legislations, interpretations and practices.

During the Track Record Period, pursuant to the relevant laws and regulations in the PRC and with approval from competent tax authorities, our Company and certain of our subsidiaries are entitled to a preferential tax rate of 15% for a valid period of three years as High and New Technology Enterprises or for Western Region development under relevant policies.

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Other Jurisdictions

Income tax on profit arising from other jurisdictions have been calculated on the estimated taxable profit for the year at the respective rates prevailing in the relevant jurisdictions. During the Track Record Period and as of the Latest Practicable Date, we did not have any material dispute with the relevant tax authorities.

Profit for the Year

In light of the above, we achieved a profit for the year of RMB910.7 million, RMB1,222.0 million and RMB1,320.7 million in 2023, 2024 and 2025, respectively, with a net profit margin of 12.7%, 12.7% and 11.3%, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 21.5% from RMB9,635.6 million in 2024 to RMB11,711.7 million in 2025, primarily due to (i) increased demand for our products that came with the trends of domestic substitution, lightweighting, electrification and intelligentization; and (ii) our growing customer base both in the Chinese Mainland and overseas due to broader recognition of our products.

Revenue by Business Segment

Our revenue from mechanical braking products increased by 16.2% from RMB4,427.5 million in 2024 to RMB5,145.0 million in 2025, primarily due to increased demand for our mechanical disc brakes and lightweight chassis components from our OEM customers, driven by the ongoing trend of domestic substitution and lightweighting, as (i) sales increased from their respective vehicle models; and (ii) certain design wins entered mass production.

Our revenue from intelligent electronic control products increased by 29.3% from RMB4,507.8 million in 2024 to RMB5,826.4 million in 2025, primarily due to increased sales of our WCBS and EPB products as a result of increased demand from our OEM customers, driven by the ongoing trends toward intelligent and electrified solutions and growing customer recognition of our extensive experience in the mass production capabilities of intelligent electronic control products and our leading technologies.

Our revenue from mechanical steering products remained relatively stable at RMB556.5 million in 2024 and RMB570.9 million in 2025.

Cost of Sales

Our cost of sales increased by 22.7% from RMB7,861.8 million in 2024 to RMB9,649.5 million in 2025, generally in line with our sales growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 16.3% from RMB1,773.8 million in 2024 to RMB2,062.2 million in 2025, generally in line with our sales growth. Our gross profit margin decreased from 18.4% in 2024 to 17.6% in 2025, primarily (i) due to the margin compression from overseas sales of lightweight chassis components, particularly in 2024 and 2025, mainly as increases in aluminum ingot prices were passed on to certain customers with a lag; and (ii) because our Mexico production facility was in the

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production capacity build-up and ramp-up stage. Such decreases were partially offset by an increase in the gross profit margin of our intelligent electronic control products, primarily attributable to continued growth in sales of our higher-margin EPB and WCBS products throughout the Track Record Period.

Our gross profit from mechanical braking products remained relatively stable at RMB800.3 million in 2024 and RMB791.3 million in 2025. Our gross profit margin from mechanical braking products decreased from 18.1% in 2024 to 15.4% in 2025, primarily (i) due to the margin compression from the overseas sales of lightweight chassis components, particularly in 2024 and 2025, mainly as increases in aluminum ingot prices were passed on to certain customers with a lag; and (ii) because our Mexico production facility was in the production capacity build-up and ramp-up stage.

Our gross profit from intelligent electronic control products increased by 34.9% from RMB860.6 million in 2024 to RMB1,160.8 million in 2025, generally in line with the increased sales of our intelligent electronic control products. Our gross profit margin from intelligent electronic control products increased from 19.1% in 2024 to 19.9% in 2025, primarily due to continued growth in sales of our higher-margin WCBS and EPB products.

Our gross profit from mechanical steering products decreased by 13.7% from RMB60.9 million in 2024 to RMB52.6 million in 2025, with gross profit margin of 11.0% and 9.2%, respectively, primarily due to price reductions required by certain OEM customers.

Other Income

Our other income decreased by 15.9% from RMB528.4 million in 2024 to RMB444.4 million in 2025, primarily due to decreases in (i) rendering of research and development services including software development and braking system development; and (ii) additional deduction for VAT for advanced manufacturing enterprises.

Other Gains, Net

Our net other gains decreased by 51.2% from RMB44.2 million in 2024 to RMB21.6 million in 2025, primarily due to (i) indemnity expenditure recorded in 2025 as compared to indemnity income from a customer recorded in 2024; and (ii) net foreign exchange losses from (a) an increase in our overseas revenue; and (b) fluctuations in the exchange rates of U.S. dollar and Mexican Peso.

Research and Development Expenses

Our research and development expenses increased by 5.2% from RMB575.5 million in 2024 to RMB605.5 million in 2025, primarily due to an increase in employment benefit expenses mainly because of headcount increase.

General and Administrative Expenses

Our general and administrative expenses increased by 27.8% from RMB239.7 million in 2024 to RMB306.5 million in 2025, primarily due to an increase in employment benefit expenses mainly because of headcount increase.

Selling Expenses

Our selling expenses increased by 51.2% from RMB39.9 million in 2024 to RMB60.3 million in 2025, primarily due to increases in lease expenses and market development expenses in response to our business expansion in overseas markets.

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Net Impairment Losses (Recognized)/Reversed on Financial Assets

We recorded net impairment losses reversed on financial assets of RMB8.9 million in 2025, as compared to net impairment losses recognized on financial assets of RMB85.8 million in 2024. The change was primarily attributable to a decrease in our notes receivables, as certain automotive OEM customers shifted from commercial notes to bank acceptance notes.

Finance Costs

Our finance costs increased significantly from RMB10.2 million in 2024 to RMB35.7 million in 2025, primarily due to a significant increase in interest expenses on bonds payable as a result of the issuance of 2025 Convertible Bonds.

Income Tax Expense

Our income tax expense increased by 20.3% from RMB173.3 million in 2024 to RMB208.4 million in 2025, in line with our revenue growth.

Profit for the Year

As a result of the above, our profit for the year increased by 8.1% from RMB1,222.0 million in 2024 to RMB1,320.7 million in 2025.

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

Revenue

Our revenue increased by 33.9% from RMB7,195.9 million in 2023 to RMB9,635.6 million in 2024, primarily due to (i) increasing demand for our products that came with the trends of domestic substitution, lightweighting, electrification and intelligentization; and (ii) our growing customer base both in the Chinese Mainland and overseas due to broader recognition of our products.

Revenue by Business Segment

Our revenue generated from mechanical braking products increased by 32.2% from RMB3,348.5 million in 2023 to RMB4,427.5 million in 2024, primarily due to increased demand for our mechanical disc brakes and lightweight chassis components from our OEM customers, driven by the ongoing trend of domestic substitution and lightweighting, as (i) sales increased from their respective vehicle models; and (ii) certain design wins entered mass production.

Our revenue generated from intelligent electronic products increased by 37.6% from RMB3,276.9 million in 2023 to RMB4,507.8 million in 2024, primarily attributable to (i) increased sales of our EPB products as a result of increased demand from our OEM customers as sales increased from their respective vehicle models, driven by the ongoing trends toward intelligent and electrified solutions and growing customer recognition of our extensive experience in the mass production capabilities of intelligent electronic control products and our leading technologies; and (ii) increased sales of our WCBS products (a) from our OEM customers as sales increased from their respective vehicle models; and (b) as certain design wins entered mass production.

Our revenue generated from mechanical steering products increased by 15.8% from RMB480.6 million in 2023 to RMB556.5 million in 2024, primarily due to increased demand from our OEM customers driven by higher sales of their respective vehicle models.

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Cost of Sales

Our cost of sales increased by 35.1% from RMB5,820.9 million in 2023 to RMB7,861.8 million in 2024, generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 29.0% from RMB1,375.0 million in 2023 to RMB1,773.8 million in 2024, primarily in line with our revenue growth. Our gross profit margin decreased from 19.1% in 2023 to 18.4% in 2024, primarily because during the Track Record Period, the gross margins from our overseas sales of lightweight chassis components was compressed mainly as increases in aluminum ingot prices were passed on to certain customers with a lag. Such a decrease was partially offset by an increase in the gross profit margin of our intelligent electronic control products, primarily attributable to (i) a notable increase in sales of our WCBS products in 2024 and the benefits of economies of scale; and (ii) continued growth in sales of our higher-margin EPB products throughout the Track Record Period.

Our gross profit from mechanical braking products increased by 17.7% from RMB680.2 million in 2023 to RMB800.3 million in 2024, primarily in line with the increased sales. Our gross profit margin from mechanical braking products decreased from 20.3% in 2023 to 18.1% in 2024, primarily because during the Track Record Period, the gross margins from our overseas sales of lightweight chassis components was compressed mainly as increases in aluminum ingot prices were passed on to certain customers with a lag.

Our gross profit from intelligent electronic control products increased by 40.5% from RMB612.7 million in 2023 to RMB860.6 million in 2024, primarily in line with the increased sales. Our gross profit margin from intelligent electronic control products increased from 18.7% in 2023 to 19.1% in 2024, primarily due to (i) increased sales of our higher-margin WCBS products achieved through economies of scale; and (ii) continued growth in sales of our higher-margin EPB products throughout the Track Record Period.

Our gross profit from mechanical steering products increased by 10.6% from RMB55.1 million in 2023 to RMB60.9 million in 2024, primarily in line with the increased sales. Our gross profit margin from mechanical steering products decreased from 11.5% in 2023 to 11.0% in 2024, primarily due to price reductions required by certain automotive OEM customers.

Other Income

Our other income increased by 40.8% from RMB375.4 million in 2023 to RMB528.4 million in 2024, primarily due to increases in (i) additional deduction for VAT for advanced manufacturing enterprises; and (ii) sales of scrap materials as a result of increased sales of our products.

Other (Losses) and Gains, Net

We recorded net other losses of RMB4.1 million in 2023, which turned into net other gains of RMB44.2 million in 2024, primarily due to (i) indemnity income from a customer in 2024; and (ii) an increase in net foreign exchange gains from (a) an increase in our overseas revenue; and (b) fluctuations in the exchange rates of U.S. dollar and Mexican Peso.

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Research and Development Expenses

Our research and development expenses increased by 28.0% from RMB449.8 million in 2023 to RMB575.5 million in 2024, primarily due to increases in (i) employment benefit expenses because of headcount increase; and (ii) research, testing and development fees, as a result of higher outsourcing R&D costs incurred in line with the growth in our internal R&D projects.

General and Administrative Expenses

Our general and administrative expenses increased by 34.3% from RMB178.5 million in 2023 to RMB239.7 million in 2024, primarily due to increases in (i) employment benefit expenses primarily because of headcount increase; and (ii) business development, office and traveling expenses primarily because of increased traveling expenses as our business expanded.

Selling Expenses

Our selling expenses increased by 23.8%, from RMB32.2 million in 2023 to RMB39.9 million in 2024, primarily due to increases in (i) employee benefit expenses primarily because of headcount increase; and (ii) market development expenses in overseas markets.

Net Impairment Losses Recognized on Financial Assets

We recorded net impairment losses recognized on financial assets of RMB38.8 million and RMB85.8 million in 2023 and 2024, respectively. The change was primarily due to the increase in trade and notes receivables as sales of our products increased.

Finance Costs

Our finance costs decreased by 66.2% from RMB30.1 million in 2023 to RMB10.2 million in 2024, primarily due to a significant decrease in interest expenses on bonds payable as a result of the full conversion of 2021 Convertible Bonds in 2023.

Income Tax Expense

Our income tax expense increased by 63.1%, from RMB106.3 million in 2023 to RMB173.3 million in 2024, primarily due to (i) our profit growth during the same period; and (ii) a decrease in deferred income tax assets recognized on deductible tax losses.

Profit for the Year

As a result of the above, our profit for the year increased by 34.2% from RMB910.7 million in 2023 to RMB1,222.0 million in 2024.

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DISCUSSION OF CERTAIN SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Liabilities

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current Assets			
Property, plant and equipment	2,598,339	3,020,374	3,529,492
Right-of-use assets	132,428	131,339	152,132
Intangible assets	28,995	23,652	21,734
Investment properties	4,936	—	—
Financial assets at FVTPL	—	100,000	165,993
Financial assets at FVTOCI	60,231	72,633	84,137
Time deposits	—	—	242,557
Prepayments, other receivables and other assets . .	142,267	120,302	75,628
Deferred tax assets	61,163	62,423	16,796
Total non-current assets	3,028,359	3,530,723	4,288,469
Non-current Liabilities			
Trade, notes and other payables	121,490	121,490	72,346
Borrowings	59,390	69,490	47,690
Bonds payable	—	—	2,592,200
Lease liabilities	2,378	1,909	11,476
Deferred income	150,821	166,658	157,323
Provision	103,806	136,575	167,865
Deferred tax liabilities	22,107	24,145	24,528
Total non-current liabilities	459,992	520,267	3,073,428

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment consisted of (i) buildings; (ii) machinery and equipment; (iii) electronic equipment and others; (iv) land ownership; (v) construction in progress; and (vi) transportation equipment.

As of December 31, 2023, 2024 and 2025, the net book value of our property, plant and equipment was RMB2,598.3 million, RMB3,020.4 million and RMB3,529.5 million, respectively. The increases in our property, plant and equipment were primarily due to increases in machinery and equipment, buildings, electronic equipment and others and land ownership driven by our production capacity expansion.

Right-of-use Assets

During the Track Record Period, our right-of-use assets consisted of buildings and land use rights. Our right-of-use assets remained relatively stable at RMB132.4 million and RMB131.3 million as of December 31, 2023 and 2024, respectively. Our right-of-use assets increased by 15.8% to RMB152.1 million as of December 31, 2025, primarily due to our leases of additional land and buildings driven by the expansion of newly established branch offices in the Chinese Mainland.

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Intangible Assets

During the Track Record Period, our intangible assets consisted of (i) software; (ii) patented technologies and trademark rights; (iii) non-patented technologies; and (iv) goodwill. Our intangible assets decreased by 18.4% from RMB29.0 million as of December 31, 2023 to RMB23.7 million as of December 31, 2024, and further by 8.1% to RMB21.7 million as of December 31, 2025, primarily due to amortization of patented technologies and trademark rights.

Current Assets and Current Liabilities

We recorded net current assets of RMB3,485.4 million, RMB3,929.8 million, RMB7,199.7 million and RMB7,322.8 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current Assets				
Inventories	1,037,077	1,419,969	1,807,420	1,849,283
Trade and notes receivables	2,646,126	4,135,697	3,908,601	3,681,737
Prepayments, other receivables and other assets	180,563	322,156	474,641	473,853
Financial assets at FVTPL	214,643	93,562	2,512,133	2,425,275
Financial assets at FVTOCI	1,300,431	1,098,797	2,108,214	2,315,588
Restricted bank deposits	86,717	49,724	14,621	962
Prepaid income tax	6	102	2,520	5,384
Time deposits	—	—	391,988	393,337
Cash at bank and on hand	2,252,827	2,135,307	1,767,075	1,726,288
Total current assets	7,718,390	9,255,314	12,987,213	12,871,707
Current Liabilities				
Trade, notes and other payables	3,862,337	5,130,288	5,613,090	5,367,401
Contract liabilities	9,173	53,175	40,350	21,996
Borrowings	284,209	29,783	31,053	60,985
Bonds payables	—	—	1,401	2,102
Lease liabilities	2,452	3,144	3,516	4,162
Income tax payable	74,778	109,116	98,124	92,255
Total current liabilities	4,232,949	5,325,506	5,787,534	5,548,901
Net current assets	3,485,441	3,929,808	7,199,679	7,322,806

Our net current assets increased slightly from RMB7,199.7 million as of December 31, 2025 to RMB7,322.8 million as of March 31, 2026. This increase was primarily due to a decrease in our current liabilities during the period, partially offset by a decrease in our current assets. The decrease in our current liabilities was primarily attributable to a decrease in our trade, notes and other payables of RMB245.7 million primarily as we adjusted our purchasing volume for the first quarter of 2026.

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Meanwhile, our current assets decreased slightly primarily due to a decrease in trade and notes receivables of RMB226.9 million, primarily because more of our customers settled their payments due to us using bank acceptance notes instead of commercial notes.

Our net current assets increased by 83.2% from RMB3,929.8 million as of December 31, 2024 to RMB7,199.7 million as of December 31, 2025. This increase was primarily due to a substantial increase in our current assets during the period, partially offset by a slight increase in our current liabilities. The increase in our current assets was primarily attributable to increases in (i) our financial assets at FVTPL of RMB2,418.6 million, primarily due to significant increases in our investments in fund products, income certificates, bank wealth management products and structure deposits; and (ii) our financial assets at FVTOCI of RMB1,009.4 million, primarily due to increased bank acceptance notes received from customers, partially offset by the decrease in trade and notes receivables of RMB227.1 million. Meanwhile, our current liabilities increased primarily due to an increase in our trade, notes and other payables of RMB482.8 million, mainly because we increased procurement from suppliers as our sales grew.

Our net current assets increased by 12.7% from RMB3,485.4 million as of December 31, 2023 to RMB3,929.8 million as of December 31, 2024. This increase was primarily due to an increase in our current assets during the period, offset by an increase in our current liabilities. The increase in our current assets was primarily attributable to an increase in our trade and notes receivables of RMB1,489.6 million, generally in line with our sales growth. Meanwhile, our current liabilities increased primarily due to an increase in our trade, notes and other payables of RMB1,268.0 million, mainly because we increased procurement from suppliers as our sales grew, partially offset by a decrease in our borrowings of RMB254.4 million.

Inventories

During the Track Record Period, our inventories primarily consisted of raw materials, finished goods and work in progress. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	678,377	862,148	1,129,488
Finished goods	303,102	446,379	479,969
Work in progress	79,339	149,123	225,463
Consumables	15,181	20,592	27,249
Consigned processing materials	7,547	11,509	1,210
Subtotal	1,083,546	1,489,751	1,863,379
Less: provision for impairment	(46,469)	(69,782)	(55,959)
Total	1,037,077	1,419,969	1,807,420

Our inventories increased by 36.9% from RMB1,037.1 million as of December 31, 2023 to RMB1,420.0 million as of December 31, 2024, and further by 27.3% to RMB1,807.4 million as of December 31, 2025, primarily due to increases in our raw materials, finished goods and work in progress as a result of our business expansion.

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	954,835	1,364,327	1,714,366
One to two years	63,413	44,571	82,907
Two to three years	8,996	32,030	20,870
Over three years	56,302	48,823	45,236
Less: provision for impairment	(46,469)	(69,782)	(55,959)
Total	1,037,077	1,419,969	1,807,420

The following table sets forth the turnover days of our inventories for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Inventory turnover days ⁽¹⁾	63.5	59.7	63.4

(1) Average turnover days of inventories is equal to the average of the beginning and ending inventory balances of a year divided by cost of sales for that year and multiplied by 365 days.

Our inventory turnover days decreased from 63.5 days in 2023 to 59.7 days in 2024, and then increased to 63.4 days in 2025. The relatively short inventory turnover days in 2024 were primarily due to an increase in product sales in the fourth quarter of 2024 driven by increased demand from certain customers.

As of March 31, 2026, RMB1,257.5 million or 67.5% of our inventories as of December 31, 2025 had been subsequently sold or utilized.

Trade and Notes Receivables

Our trade and notes receivables represented receivables of income from sales of our products. The following table sets forth a breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables	2,627,843	3,896,457	4,030,026
Notes receivables	313,201	615,493	246,855
Subtotal	2,941,044	4,511,950	4,276,881
Less: provision for impairment	(294,918)	(376,253)	(368,280)
Total	2,646,126	4,135,697	3,908,601

Our trade and notes receivables increased by 56.3% from RMB2,646.1 million as of December 31, 2023, to RMB4,135.7 million as of December 31, 2024, generally in line with our sales growth. Our trade and notes receivables then decreased by 5.5% to RMB3,908.6 million as of December 31, 2025, primarily because our OEM customers cut down on the use of commercial notes and switched to use bank acceptance notes.

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The following table sets forth an aging analysis of our trade receivables presented based on the time of revenue recognition:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	2,465,638	3,732,835	3,865,433
Over one year but within two years	21,221	14,503	13,448
Over two years but within three years	7,093	18,413	2,885
Over three years	133,891	130,706	148,260
Total	2,627,843	3,896,457	4,030,026

The following table sets forth the turnover days of our trade and notes receivables for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Trade receivables turnover days ⁽¹⁾	122.4	123.6	123.5
Notes receivables turnover days ⁽¹⁾	7.9	17.6	13.4

(1) The trade and notes receivables turnover days are derived by dividing the average of the beginning and ending trade and notes receivables balance by revenue for that year and multiplied by 365 days.

The credit period that we granted to customers generally ranged from 30 to 90 days during the Track Record Period. Our trade receivables turnover days remain relatively stable during the Track Record Period. Our notes receivables turnover days increased from 7.9 days in 2023 to 17.6 days in 2024, primarily due to an increase in product sales in the fourth quarter of 2024 driven by increased demand from certain customers. Our notes receivables turnover days then decreased to 13.4 days, primarily because certain OEM customers shifted from commercial notes to bank acceptance notes.

As of March 31, 2026, RMB3,175.1 million or 74.2% of our trade and notes receivables as of December 31, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets primarily consisted of (i) prepayments for acquisition of long-term assets; and (ii) VAT recoverable, mainly representing the deductible difference between output and input VAT payable under applicable PRC laws. See note 22 to the Accountants’ Report in Appendix IA to this document.

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current portion			
Prepayments for acquisition of long-term assets	142,267	120,302	75,628
Total non-current portion	142,267	120,302	75,628
Current portion			
Other receivables	16,045	20,084	27,241
Less: allowance for impairment	(3,550)	(4,937)	(4,027)
Subtotal — Other receivables	12,495	15,147	23,214
VAT recoverable	120,996	222,898	376,278
Consumable molds	14,926	20,019	25,558
Prepayments for materials and others	30,697	58,916	46,527
Others	1,449	5,176	3,064
Total current portion	180,563	322,156	474,641
Total	322,830	442,458	550,269

The non-current portion of our prepayments, other receivables and other assets decreased by 15.4% from RMB142.3 million as of December 31, 2023 to RMB120.3 million as of December 31, 2024, and further by 37.1% to RMB75.6 million as of December 31, 2025, primarily due to a decrease in prepayments for acquisition of long-term assets because the equipment purchased in earlier periods was put in storage.

The current portion of our prepayments, other receivables and other assets increased by 78.4% from RMB180.6 million as of December 31, 2023 to RMB322.2 million as of December 31, 2024, and further by 47.3% to RMB474.6 million as of December 31, 2025, primarily due to an increase in VAT recoverable in relation to VAT input tax from equipment purchases for our Mexico facility construction.

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Financial Assets at FVTPL

Our financial assets at FVTPL during the Track Record Period mainly included (i) fund products; (ii) wealth management products and structured deposits issued by reputable banks in the Chinese Mainland; and (iii) income certificates. See notes 3.2 and 18 to the Accountants’ Report in Appendix IA to this document. The following table sets forth a breakdown of our financial assets at FVTPL as of the dates indicated:

	As at December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current:			
Unlisted equity instruments	—	100,000	165,993
Total non-current portion	—	100,000	165,993
Current:			
— Bank wealth management products and structured deposits	213,744	92,841	420,838
— Listed equity instruments	899	721	—
— Fund products	—	—	1,789,301
— Income certificates	—	—	301,994
Total current portion	214,643	93,562	2,512,133
Total	214,643	193,562	2,678,126

The non-current portion of our financial assets at FVTPL increased significantly from nil as of December 31, 2023 to RMB100.0 million as of December 31, 2024, and further by 66.0% to RMB166.0 million as of December 31, 2025, primarily due to our increased investments in unlisted equity instruments.

The current portion of our financial assets at FVTPL decreased by 56.4% from RMB214.6 million as of December 31, 2023 to RMB93.6 million as of December 31, 2024, primarily due to decreases in our investments in bank wealth management products and structured deposits. The current portion of our financial assets at FVTPL then increased significantly to RMB2,512.1 million as of December 31, 2025, primarily due to increases in our investments in fund products, income certificates, bank wealth management products and structure deposits.

We have adopted a set of internal policies and guidelines to manage our investments. Our strategic development department and finance department are responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise’s operations. Upon [REDACTED], we intend to continue our investments strictly in accordance with our internal control policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders’ approval requirements, if applicable.

Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. To control our risk exposure, we make investment decisions related to structured deposits and low risk wealth management products, after thoroughly

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considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment.

Financial Assets at FVTOCI

Our financial assets at FVTOCI during the Track Record Period included (i) unlisted equity investments; and (ii) notes receivables measured at FVTOCI issued or guaranteed by reputable banks with high credit ratings in the Chinese Mainland. See notes 3.2 and 19 to the Accountants’ Report in Appendix IA to this document. The following table sets forth a breakdown of our financial assets at FVTOCI as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current portion			
Unlisted equity instruments	60,231	72,633	84,137
Current portion			
Notes receivables measured at FVTOCI	1,300,431	1,098,797	2,108,214
Total	1,360,662	1,171,430	2,192,351

The non-current portion of our financial assets at FVTOCI increased by 20.6% from RMB60.2 million as of December 31, 2023 to RMB72.6 million as of December 31, 2024, primarily because of additional investment during the period, which further increased by 15.8% to RMB84.1 million as of December 31, 2025, primarily due to changes in fair value of investment.

The current portion of our financial assets at FVTOCI decreased by 15.5% from RMB1,300.4 million as of December 31, 2023 to RMB1,098.8 million as of December 31, 2024, primarily because we discounted and endorsed a portion of our notes receivables to settle payables due to our suppliers. The current portion of our financial assets at FVTOCI further increased by 91.9% to RMB2,108.2 million as of December 31, 2025, primarily due to increased bank acceptance notes received from customers.

Restricted Bank Deposits

During the Track Record Period, our restricted bank deposits primarily consisted of pledged bank deposits for notes payables. Our restricted bank deposits decreased by 42.7% from RMB86.7 million as of December 31, 2023 to RMB49.7 million as of December 31, 2024, which further decreased by 70.6% to RMB14.6 million as of December 31, 2025, primarily due to a decrease in pledged bank deposits for notes payables due to our improved credit profile and changes in bank policies, which required fewer pledged deposits for issuing bank acceptance notes.

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Trade, Notes and Other Payables

Our trade, notes and other payables during the Track Record Period mainly represented payment obligations to our suppliers. The following table sets forth a breakdown of our trade, notes and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current portion			
Capacity guarantee deposits	105,160	105,160	55,000
Infrastructure construction funds — loans converted to grants	16,330	16,330	16,330
Others	—	—	1,016
Total non-current portion	121,490	121,490	72,346
Current portion			
Trade payables	1,770,023	2,659,760	2,831,599
Payables for acquisition of non-current assets.	180,823	150,184	164,227
Payroll and welfare payables	148,155	223,539	230,689
Restricted stock repurchase obligation	45,326	34,865	75,155
Capacity guarantee deposits	—	—	46,160
Endorsed notes receivable that have not been derecognized and not yet due	—	11,164	28,576
Other tax liabilities	13,489	25,249	27,637
Others	17,879	20,405	38,456
Total trade and other payables	2,175,695	3,125,166	3,442,499
Notes payables	1,686,642	2,005,122	2,170,591
Total current portion	3,862,337	5,130,288	5,613,090
	3,983,827	5,251,778	5,685,436

The non-current portion of our trade, notes and other payables remain relatively stable at RMB121.5 million as of December 31, 2023 and 2024, respectively. The non-current portion of our trade, notes and other payables then decreased by 40.5% to RMB72.3 million as of December 31, 2025, primarily due to a decrease in our capacity guarantee deposits, as a portion was reclassified from non-current to current in accordance with the relevant contractual terms with our OEM customers.

The current portion of our trade, notes and other payables increased by 31.8% from RMB3,862.3 million as of December 31, 2023 to RMB5,130.3 million as of December 31, 2024, and further by 8.3% to RMB5,613.1 million as of December 31, 2025, primarily due to increases in our trade payables and notes payables for our increased procurement from suppliers as our sales increased.

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The following table sets forth an aging analysis of our trade payables presented based on recognition date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	1,750,562	2,642,064	2,796,914
Over one year but within two years	6,520	4,162	18,375
Over two years but within three years	2,843	3,438	3,045
Over three years	10,098	10,096	13,265
Total	1,770,023	2,659,760	2,831,599

The following table sets forth our trade and notes payables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Trade payables turnover days ⁽¹⁾	100.1	102.8	103.9
Notes payables turnover days ⁽¹⁾	92.5	85.7	79.0

(1) The trade and notes payables turnover days are calculated by dividing the arithmetic mean of the opening and ending net balance of our trade and notes payables in that year by cost of sales for the corresponding year and then multiplying by the 365 days for that year.

During the Track Record Period, the credit period granted by suppliers to us generally ranged from 30 to 90 days. In 2023, 2024 and 2025, our trade payables turnover days remained relatively stable, while our notes payable turnover days decreased during the same periods. The decrease was primarily due to our overseas business expansion, where payments to suppliers were generally not settled using notes.

As of March 31, 2026, RMB2,508.7 million or 44.1% of our trade, notes and other payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

During the Track Record Period, our contract liabilities represented advance payments received from customers for our products that had yet to be performed or delivered. Our contract liabilities increased significantly from RMB9.2 million as of December 31, 2023 to RMB53.2 million as of December 31, 2024, primarily due to increases in prepayments from certain customers. Our contract liabilities then decreased by 24.1% to RMB40.4 million as of December 31, 2025, primarily due to revenue recognition upon delivery.

As of March 31, 2026, RMB30.8 million or 76.4% of our contract liabilities as of December 31, 2025, had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Our principal use of cash during the Track Record Period was for working capital, production of our products and other recurring expenses. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operating

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activities and financing activities, cash at bank and on hand and borrowings. As of December 31, 2023, 2024 and 2025, we had cash at bank and on hand of RMB2,169.9 million, RMB2,005.4 million and RMB1,706.6 million, respectively.

Working Capital Sufficiency

Our Directors are of the view that, taking into account the financial resources available to us, including cash at bank and on hand, our available banking facilities, cash flows generated from operating activities and net [REDACTED] from the [REDACTED], we have sufficient working capital for at least 12 months from the date of this document.

Cash Flows

The following table sets forth our consolidated statements of cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows generated from operating activities	678,331	1,057,721	866,962
Net cash flows used in investing activities.	(841,430)	(706,217)	(3,756,410)
Net cash flows generated from/(used in) financing activities	162,073	(515,518)	2,596,065
Net decrease in cash and cash equivalents.	(1,026)	(164,014)	(293,383)
Cash and cash equivalents at beginning of year	2,163,749	2,169,879	2,005,420
Effect of foreign exchange rate changes, net.	7,156	(445)	(5,389)
Cash and cash equivalents at end of year	2,169,879	2,005,420	1,706,648

Net Cash Flows Generated from Operating Activities

In 2025, we had net cash flows generated from operating activities of RMB867.0 million. This net cash inflow was primarily due to (i) our profit before tax of RMB1,529.1 million, as adjusted for certain non-cash items, which primarily included depreciation of property, plant and equipment of RMB333.3 million; and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in financial assets at FVTOCI of RMB1,009.4 million; and (b) an increase in inventories of RMB399.0 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including (a) an increase in trade, notes and other payables of RMB346.0 million; and (b) a decrease in trade and notes receivables of RMB235.0 million.

In 2024, we had net cash flows generated from operating activities of RMB1,057.7 million. This net cash inflow was primarily due to (i) our profit before tax of RMB1,395.3 million, as adjusted for certain non-cash items, which principally included depreciation of property, plant and equipment of RMB283.1 million; and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in trade and notes receivables of RMB1,574.0 million; (b) an increase in inventories of RMB411.6 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including (a) an increase in trade, notes and other payables of RMB1,146.7 million; and (b) a decrease in financial assets at FVTOCI of RMB201.6 million.

In 2023, we had net cash flows generated from operating activities of RMB678.3 million. This net cash inflow was primarily due to (i) our profit before tax of RMB1,017.0 million, as adjusted for (i) certain non-cash items, which principally included depreciation of property, plant and equipment of

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RMB208.2 million; and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in trade and notes receivables of RMB745.1 million; (b) an increase in financial assets at FVTOCI of RMB488.9 million; and (c) an increase in inventories of RMB143.0 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in trade, notes and other payables of RMB722.3 million.

Net Cash Flows Used in Investing Activities

In 2025, we had net cash flows used in investing activities of RMB3,756.4 million, primarily due to (i) purchase of bank wealth management products and structured deposits of RMB1,888.9 million; (ii) purchase of fund products of RMB1,770.0 million; and (iii) purchase of property, plant and equipment of RMB795.8 million, partially offset by proceeds from sale of bank wealth management products and structured deposits of RMB1,565.1 million.

In 2024, we had net cash flows used in investing activities of RMB706.2 million, primarily due to (i) purchase of property, plant and equipment of RMB725.0 million; and (ii) purchase of bank wealth management products and structured deposits of RMB420.6 million, partially offset by proceeds from sale of bank wealth management products and structured deposits of RMB545.8 million.

In 2023, we had net cash flows used in investing activities of RMB841.4 million, primarily due to (i) purchase of property, plant and equipment of RMB1,000.1 million; and (ii) purchase of bank wealth management products and structured deposits of RMB369.3 million, partially offset by proceeds from sale of bank wealth management products and structured deposits of RMB577.9 million.

Net Cash Flows Generated from/(Used in) Financing Activities

In 2025, we had net cash flows generated from financing activities of RMB2,596.1 million, primarily due to proceeds from issue of convertible bonds of RMB2,784.4 million, partially offset by dividends paid of RMB211.6 million.

In 2024, we had net cash flows used in financing activities of RMB515.5 million, primarily due to (i) repayment of borrowings of RMB334.0 million; and (ii) dividends paid of RMB147.3 million, partially offset by proceeds from borrowings of RMB89.8 million.

In 2023, we had net cash flows generated from financing activities of RMB162.1 million, primarily due to proceeds from borrowing of RMB343.4 million, partially offset by dividends paid of RMB139.6 million.

INDEBTEDNESS

Our indebtedness mainly included bank borrowings, bonds payable and lease liabilities during the Track Record Period. Except as disclosed in the table below, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of December 31, 2025. After due and careful consideration, our directors confirm that there had been no material change in our indebtedness since December 31, 2025 and up to the date of this document.

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current portion				
Bank borrowings	284,209	29,783	31,053	60,985
Bonds payable	—	—	1,401	2,102
Lease liabilities	2,452	3,144	3,516	4,162
Subtotal	286,661	32,927	35,970	67,249
Non-current portion				
Bank borrowings	59,390	69,490	47,690	47,690
Bonds payable	—	—	2,592,200	2,607,085
Lease liabilities	2,378	1,909	11,476	10,959
Subtotal	61,768	71,399	2,651,366	2,665,734
Total	348,429	104,326	2,687,336	2,732,983

Bank Borrowings

Our bank borrowings during the Track Record Period mainly represented bank borrowings from commercial banks in the Chinese Mainland used for plant construction, equipment purchases and working capital.

As of December 31, 2023, 2024 and 2025, we had bank borrowings of RMB343.6 million, RMB99.3 million and RMB78.7 million, respectively, all of which were unsecured. The bank borrowings bore effective interest rates of 2.50%–3.20%, 1.75%–3.10% and 1.75%–2.65% per annum in 2023, 2024 and 2025, respectively. See note 29 to the Accountants’ Report in Appendix IA to this document. As of March 31, 2026, we had unutilized banking facilities of RMB8,897.8 million.

Our bank borrowing agreements contain standard terms, conditions, and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulties in obtaining bank loans and other borrowings, default in repayment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank loans and other borrowings in the future.

Bonds Payable

Our bonds payable mainly represented the liability component of convertible corporate bonds that we issued in 2025. The coupon rate of the bonds ranges from 0.1% to 2.0% during the maturity period of six years. The current portion of our bonds payable was nil, nil and RMB1.4 million as of December 31, 2023, 2024 and 2025. The non-current portion of our bonds payable was nil, nil and RMB2,593.6 million as of the same dates. See note 30 to the Accountants’ Report in Appendix IA to this document.

Lease Liabilities

Our lease liabilities represented the outstanding lease payments primarily for our leased buildings. See note 14 to the Accountants’ Report in Appendix IA to this document.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Lease Liabilities			
— Current	2,452	3,144	3,516
— Non-current	2,378	1,909	11,476
Total	4,830	5,053	14,992

Contingent Liabilities

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

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures amounted to RMB1,032.5 million, RMB732.1 million and RMB817.1 million, respectively, consisting of (i) our payment for purchase of property, plant and equipment; (ii) our payment for purchase of intangible assets; and (iii) prepayment for right-of-use assets. The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Capital expenditures			
Purchase of property, plant and equipment . . .	1,000,142	725,000	795,756
Purchase of intangible assets	4,292	6,776	7,388
Prepayment for right-of-use assets	28,038	326	13,976
Total	1,032,472	732,102	817,120

We will continue to make capital expenditures to support the expected growth of our business and expansion plans. We expect to finance our capital expenditures through cash flow from operating activities, unutilized bank borrowings and net [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED].” Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditure according to future cash flows, results of operations, financial condition, market conditions and various other factors.

COMMITMENTS

Capital commitments represent capital expenditure contracted for as of a particular date but not yet incurred. As of December 31, 2023, 2024 and 2025, our capital commitments were RMB701.2 million, RMB494.0 million and RMB519.2 million, respectively, which represented contracted but unprovided commitments, net of deposits paid and prepayments, for purchase of (i) property, plant and equipment; and (ii) subscribed capital contribution.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We had not entered into any material off-balance sheet transactions or arrangements as of the Latest Practicable Date.

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KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios as of the dates or for the periods indicated:

	As of/For the Year ended December 31,		
	2023	2024	2025
Return on equity (%) ⁽¹⁾	17.1	18.8	17.2
Return on total assets (%) ⁽²⁾	9.4	10.4	8.8
Current ratio (<i>times</i>) ⁽³⁾	1.8	1.7	2.2
Quick ratio (<i>times</i>) ⁽⁴⁾	1.6	1.5	1.9
Gearing ratio (%) ⁽⁵⁾	43.7	45.7	51.3

- (1) Return on equity is calculated based on profit for the year divided by the arithmetic means of the opening and closing balances of total equity and multiplied by 100%.
- (2) Return on total assets is calculated based on profit for the year divided by the arithmetic means of the opening and closing balances of total assets and multiplied by 100%.
- (3) Current ratio is calculated based on total current assets divided by total current liabilities as of the date indicated.
- (4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as of the date indicated.
- (5) Gearing ratio is calculated based on the total liabilities as of the respective dates divided by total assets as of the respective dates.

Our return on equity increased from 17.1% as of December 31, 2023 to 18.8% as of December 31, 2024, mainly reflecting the improvements in our profitability. Our return on equity then decreased to 17.2% as of December 31, 2025, mainly reflecting the growth in our total equity outpacing that of our profitability.

Our return on total assets increased from 9.4% as of December 31, 2023 to 10.4% as of December 31, 2024, mainly reflecting the growth in our profitability outpacing that of our total assets. Our return on total assets then decreased to 8.8% as of December 31, 2025, mainly reflecting the growth in our total assets outpacing that of our profitability.

Our current ratio remained stable at 1.8 times and 1.7 times as of December 31, 2023 and 2024, respectively, and then increased to 2.2 times as of December 31, 2025, while our quick ratio remained relatively stable at 1.6 times as of December 31, 2023 and 1.5 times as of December 31, 2024 and then increased to 1.9 times as of December 31, 2025. The increases in both current ratio and quick ratio were because the growth in our current assets outpaced that of our current liabilities, primarily due to increases in (i) our financial assets at FVTPL as we increased investments in fund products, income certificates, bank wealth management products and structure deposits; and (ii) our financial assets at FVTOCI as a result of increased bank acceptance notes received from customers.

Our gearing ratio increased from 43.7% as of December 31, 2023 to 45.7% as of December 31, 2024, mainly reflecting the growth in our total liabilities outpacing that of our total assets primarily as a result of our increased trade, notes and other payables, primarily due to our increased procurement from suppliers in response to our sales increase. Our gearing ratio further increased to 51.3% as of December 31, 2025, reflecting the growth in our total liabilities outpacing that of our total assets primarily as a result of issuance of 2025 Convertible Bonds.

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RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. We have certain transactions and balances with the related parties during the Track Record Period. See note 41(b) to the Accountants’ Report included in Appendix IA to this document. Our Directors are of the view that each of the related party transactions set out in note 41(b) to the Accountants’ Report in Appendix IA to this document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties and their terms were fair, reasonable and in the interest of our Shareholders as a whole. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

FINANCIAL RISK MANAGEMENT

We are exposed to various types of financial risks, including foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our senior management is responsible for carrying out our risk management. See note 44 of Appendix IA to this document.

FINANCIAL INFORMATION OF YUBEI STEERING

Summary

On February 25, 2026, our Company entered into a share transfer agreement with the existing shareholders of Yubei Steering, all being Independent Third Parties, pursuant to which each of them, conditionally agreed to transfer and our Company conditionally agreed to acquire 30.4365%, 15.0817%, 3.6364% and 1.8182% equity interest in Yubei Steering, respectively (the “**Acquisition**”). Pursuant to the supplemental agreement entered into by the parties on April 28, 2026, the consideration amounts were RMB669,602,185, RMB331,797,815, RMB80,000,000 and RMB40,000,000, respectively, which were determined after arm’s length negotiations with reference to the value of Yubei Steering of RMB2,200 million, being determined with reference to Yubei Steering’s audited net assets attributable to the parent company as of December 31, 2025 of RMB952,165,800 and the price-to-book ratios for comparable market transactions involving acquisitions of manufacturing companies. As of the Latest Practicable Date, the Acquisition has not been completed. Upon completion of the Acquisition, Yubei Steering will be owned as to 50.9727% by our Company and become a non-wholly-owned subsidiary of our Group. The consideration will be settled in cash. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Yubei Steering.”

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Description of Selected Components of Consolidated Statements of Comprehensive Income

The following table sets forth a summary of consolidated statements of comprehensive income of Yubei Steering for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Revenue	3,028,834	100.0	2,974,505	100.0	3,138,997	100.0
Cost of sales	(2,790,427)	(92.1)	(2,691,964)	(90.5)	(2,766,598)	(88.1)
Gross profit	238,407	7.9	282,541	9.5	372,399	11.9
Other income	57,905	1.9	75,479	2.5	54,706	1.7
Other (losses) and gains, net	(3,762)	(0.1)	88	0.0	(3,672)	(0.1)
Research and development expenses . . .	(81,437)	(2.7)	(79,832)	(2.7)	(125,966)	(4.0)
General and administrative expenses . . .	(99,504)	(3.3)	(107,564)	(3.6)	(117,327)	(3.8)
Selling expenses	(65,640)	(2.2)	(65,126)	(2.2)	(76,626)	(2.4)
Net impairment losses recognized on financial assets	(8,966)	(0.3)	(18,470)	(0.6)	(37)	(0.0)
Finance costs	(6,793)	(0.2)	(6,774)	(0.2)	(7,969)	(0.3)
Share of results of associates and joint ventures, net	55,259	1.8	58,233	2.0	59,700	1.9
Profit before income tax	85,469	2.8	138,575	4.7	155,208	4.9
Income tax credit/(expense)	4,525	0.2	(4,313)	(0.2)	1,744	0.1
Profit for the year	89,994	3.0	134,262	4.5	156,952	5.0

Revenue

During the Track Record Period, Yubei Steering primarily generated revenue from the sales of (i) intelligent electronic control products; and (ii) mechanical steering products.

Yubei Steering’s revenue remained relatively stable at RMB3,028.8 million in 2023 and RMB2,974.5 million in 2024, which then increased by 5.5% to RMB3,139.0 million in 2025, primarily due to (i) certain design wins from newly acquired domestic OEM customers entering mass production; and (ii) increased overseas sales, especially in Vietnam and Romania, mainly driven by the increased sales of relevant vehicle models.

Revenue by Business Segment

The following table sets forth a breakdown of Yubei Steering’s revenue by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Intelligent electronic control products . .	1,509,954	49.9	1,420,215	47.7	1,688,769	53.8
Mechanical steering products	1,427,119	47.1	1,460,790	49.1	1,373,638	43.8
Others ⁽¹⁾	91,761	3.0	93,500	3.2	76,590	2.4
Total	3,028,834	100.0	2,974,505	100.0	3,138,997	100.0

(1) Others mainly included spare parts and molds.

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Yubei Steering’s revenue from intelligent electronic control products decreased by 5.9% from RMB1,510.0 million in 2023 to RMB1,420.2 million in 2024, primarily due to accelerated product upgrades and iterations in the automotive components industry and decreased sales from certain vehicle models of OEM customers. Yubei Steering’s revenue from intelligent electronic control products then increased by 18.9% to RMB1,688.8 million in 2025, primarily due to (i) certain design wins from newly acquired domestic OEM customers entering mass production; and (ii) increased demand from a major customer driven by higher sales of relevant vehicle models.

Yubei Steering’s revenue from mechanical steering products remained relatively stable at RMB1,427.1 million in 2023 and RMB1,460.8 million in 2024, which then decreased by 6.0% to RMB1,373.6 million in 2025, primarily due to slower upgrades and iterations of certain vehicle models by OEM customers.

Revenue by Geographical Location

The table below sets forth a breakdown of Yubei Steering’s revenue by geographical location for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Chinese Mainland	2,729,142	90.1	2,569,873	86.4	2,661,261	84.8
Other countries/regions ⁽¹⁾	299,692	9.9	404,632	13.6	477,736	15.2
Total	3,028,834	100.0	2,974,505	100.0	3,138,997	100.0

(1) Other countries/regions mainly included the United States, Vietnam, Japan and Romania.

Yubei Steering’s revenue from the Chinese Mainland decreased by 5.8% from RMB2,729.1 million in 2023 to RMB2,569.9 million in 2024, primarily due to accelerated product upgrades and iterations in the automotive components industry and decreased sales from certain vehicle models of OEM customers. Yubei Steering’s revenue from the Chinese Mainland then increased slightly to RMB2,661.3 million, primarily because certain design wins of intelligent electronic control products from newly acquired domestic OEM customers entered mass production.

Yubei Steering’s revenue from other countries and regions increased by 35.0% from RMB299.7 million in 2023 to RMB404.6 million in 2024, and then by 18.1% to RMB477.7 million, primarily due to (i) increased sales of intelligent electronic control products and mechanical steering products in Vietnam and Romania, mainly because of the increased demand for relevant vehicle models in local markets; and (ii) increased demand for mechanical steering products from a major customer during the Track Record Period.

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Cost of Sales

During the Track Record Period, Yubei Steering’s cost of sales primarily consisted of (i) cost of materials; (ii) direct labor; and (iii) manufacturing costs. The following table sets forth a breakdown of Yubei Steering’s cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>					
Cost of materials	2,264,605	81.2	2,247,852	83.5	2,251,364	81.4
Direct labor	209,603	7.5	212,556	7.9	214,469	7.8
Manufacturing costs	223,224	8.0	137,468	5.1	141,227	5.1
Others ⁽¹⁾	92,995	3.3	94,088	3.5	159,538	5.7
Total	2,790,427	100.0	2,691,964	100.0	2,766,598	100.0

(1) Other mainly included logistics fees, warranty costs and energy and fuel costs.

During the Track Record Period, cost of materials was the largest component of Yubei Steering’s cost of sales, among which the procurement costs of motors, controllers, housings and worm gears represented a significant portion of Yubei Steering’s cost of materials. In 2023, 2024 and 2025, Yubei Steering’s cost of materials were RMB2,264.6 million, RMB2,247.9 million and RMB2,251.4 million, accounting for 81.2%, 83.5% and 81.4% of its total cost of sales, respectively. Yubei Steering’s cost of sales decreased slightly from RMB2,790.4 million in 2023 to RMB2,692.0 million in 2024, primarily due to a decrease in cost of materials because of the benefits of economies of scale achieved through Yubei Steering’s adoption of platform-based product design. Yubei Steering’s cost of sales then increased slightly to RMB2,766.6 million in 2025, primarily in line with Yubei Steering’s revenue growth during the same period.

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, Yubei Steering’s gross profit was RMB238.4 million, RMB282.5 million and RMB372.4 million, with gross profit margin of 7.9%, 9.5% and 11.9%, respectively. Such increases in gross profit margin throughout the Track Record Period were primarily due to (i) increases in revenue from higher-margin intelligent electronic control products with technological advancement suitable for commercial vehicles or high-end passenger vehicles; (ii) an increase in revenue from mechanical steering products exported overseas, primarily attributable to (a) an increase in market share of such products due to their wide range of applications; and (b) economies of scale achieved as sales increased; and (iii) economies of scale achieved through Yubei Steering’s adoption of platform-based product design.

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Gross Profit and Gross Profit Margin by Business Segment

The following table sets forth a breakdown of Yubei Steering’s gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	GP	GPM	GP	GPM	GP	GPM
	<i>(RMB in thousands, except for GPM in percentages)</i>					
Intelligent electronic control products . .	91,365	6.1	111,478	7.8	187,445	11.1
Mechanical steering products	117,311	8.2	140,957	9.6	163,096	11.9
Others ⁽¹⁾	29,731	32.4	30,106	32.2	21,858	28.5
Total	238,407	7.9	282,541	9.5	372,399	11.9

(1) Others mainly included spare parts and molds.

Yubei Steering’s gross profit from intelligent electronic control products increased by 22.0% from RMB91.4 million in 2023 to RMB111.5 million in 2024, which then increased by 68.1% to RMB187.4 million in 2025. The corresponding gross profit margins were 6.1%, 7.8% and 11.1%, respectively, during the same periods. The increases were primarily due to (i) increases in revenue from higher-margin intelligent electronic control products with technological advancement suitable for commercial vehicles or high-end passenger vehicles; (ii) the benefits of economies of scale achieved through Yubei Steering’s adoption of platform-based product design; and (iii) increased sales of certain intelligent electronic control products in Vietnam, mainly because of the increased demand for the relevant vehicle models in the local market.

Yubei Steering’s gross profit from mechanical steering products increased by 20.2% from RMB117.3 million in 2023 to RMB141.0 million in 2024, which then increased by 15.7% to RMB163.1 million in 2025. The corresponding gross profit margins were 8.2%, 9.6% and 11.9%, respectively. The increases were primarily due to an increase in revenue from Yubei Steering’s mechanical steering products exported overseas, primarily attributable to (i) an increase in market share of such products due to their wide range of applications; and (ii) economies of scale achieved as sales increased.

Gross Profit and Gross Profit Margin by Geographical Location

The following table sets forth a breakdown of Yubei Steering’s gross profit and gross profit margin by geographical location for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	GP	GPM	GP	GPM	GP	GPM
	<i>(RMB in thousands, except for GPM in percentages)</i>					
Chinese Mainland	184,360	6.8	180,615	7.0	242,265	9.1
Other countries/regions ⁽¹⁾	54,047	18.0	101,926	25.2	130,134	27.2
Total	238,407	7.9	282,541	9.5	372,399	11.9

(1) Other countries/regions mainly included the United States, Vietnam, Japan and Romania.

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Yubei Steering’s gross profit from the Chinese Mainland remained relatively stable at RMB184.4 million and RMB180.6 million in 2023 and 2024, respectively, which then increased by 34.1% to RMB242.3 million in 2025. The corresponding gross profit margin was 6.8%, 7.0% and 9.1%, respectively. The increase in 2025 was primarily due to (i) revenue increases in intelligent electronic control products with technological advancement suitable for commercial vehicles or high-end passenger vehicles; and (ii) benefits of economies of scale achieved through Yubei Steering’s adoption of platform-based product design.

In 2023, 2024 and 2025, Yubei Steering’s gross profit from other countries and regions was RMB54.0 million, RMB101.9 million and RMB130.1 million, with the corresponding gross profit margin of 18.0%, 25.2% and 27.2%, respectively. The increases were primarily due to an increase in revenue from Yubei Steering’s higher-margin mechanical steering products exported overseas, primarily attributable to (i) an increase in market share of such products due to their wide range of applications; and (ii) economies of scale achieved as sales increased. The relatively high gross profit margin from other countries and regions was primarily attributable to: (i) higher barriers to entry due to longer market entry and product certification cycles overseas; (ii) extended supply periods due to relatively long upgrade and iteration periods for vehicle models in overseas markets; and (iii) recognition of Yubei Steering’s products for its advanced technology, reliable quality and cost advantages.

Other Income

During the Track Record Period, other income of Yubei Steering primarily consisted of (i) rendering of research and development services; (ii) additional deduction for VAT for advanced manufacturing industries; (iii) consulting and processing service income; and (iv) net rental income. See note 6 to the “Accountants’ Report of the Target Group” in Appendix IB to this document.

Other income of Yubei Steering increased by 30.3% from RMB57.9 million in 2023 to RMB75.5 million in 2024, primarily due to increases in (i) rendering of research and development services as Yubei Steering entered into more sales agreements with R&D service fee arrangements; and (ii) other government grants. Other income of Yubei Steering then decreased by 27.5% to RMB54.7 million in 2025, primarily due to decreases in (i) rendering of research and development services as fewer sales agreements were entered into; and (ii) other government grants.

Other (Losses) and Gains, Net

During the Track Record Period, Yubei Steering recorded net other losses of RMB3.8 million in 2023 and RMB3.7 million in 2025, and net other gains of RMB0.1 million in 2024, mainly reflecting (i) losses on damaged inventories in 2025, (ii) net gains on disposal of investments in associate in 2024, (iii) net gains on disposal of property, plant and equipment and right-of-use assets in 2023 and (iv) net losses on disposal of notes receivables measured at FVTOCI in 2023 and 2024. See note 7 to the “Accountants’ Report of the Target Group” in Appendix IB to this document.

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Research and Development Expenses

During the Track Record Period, research and development expenses of Yubei Steering primarily consisted of (i) employee benefit expenses; (ii) research, testing and development fees; and (iii) R&D materials consumed. The following table sets forth a breakdown of research and development expenses of Yubei Steering by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
(RMB in thousands, except for percentages)						
Employee benefit expenses	64,029	78.6	57,862	72.5	84,551	67.1
Research, testing and development fees	5,260	6.5	5,483	6.9	14,330	11.4
R&D materials consumed.	3,412	4.2	4,858	6.1	10,950	8.7
Depreciation and amortization	3,797	4.7	3,472	4.3	6,166	4.9
Others ⁽¹⁾	4,939	6.0	8,157	10.2	9,969	7.9
Total	81,437	100.0	79,832	100.0	125,966	100.0

(1) Others mainly included traveling fees and fuel fees.

Research and development expenses of Yubei Steering remained relatively stable at RMB81.4 million in 2023 and RMB79.8 million in 2024. Research and development expenses of Yubei Steering then increased by 57.8% to RMB126.0 million in 2025, primarily due to increases in (i) employment benefit expenses, mainly because of an increase in R&D headcounts; and (ii) R&D materials consumed and research, testing and development fees in relation to trial production samples.

General and Administrative Expenses

During the Track Record Period, general and administrative expenses of Yubei Steering primarily consisted of (i) employee benefit expenses; (ii) depreciation and amortization; and (iii) professional service fees. The following table sets forth a breakdown of general and administrative expenses of Yubei Steering by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
(RMB in thousands, except for percentages)						
Employee benefit expenses ⁽¹⁾	63,174	63.5	72,114	67.0	78,111	66.6
Depreciation and amortization	11,177	11.2	12,907	12.0	10,941	9.3
Professional service fees	4,709	4.7	4,818	4.5	9,289	7.9
Business development, office and traveling expenses	10,164	10.2	7,913	7.4	8,535	7.3
Maintenance and utilities	3,397	3.4	3,478	3.2	3,642	3.1
Others ⁽²⁾	6,883	7.0	6,334	5.9	6,809	5.8
Total	99,504	100.0	107,564	100.0	117,327	100.0

(1) Including share-based payment expenses.

(2) Others mainly included bank charges.

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General and administrative expenses of Yubei Steering increased by 8.1% from RMB99.5 million in 2023 to RMB107.6 million in 2024, primarily due to an increase in employment benefit expenses, primarily because of headcount increase. General and administrative expenses of Yubei Steering then increased by 9.1% to RMB117.3 million in 2025, primarily due to increases in (i) employment benefit expenses, primarily because of headcount increase; and (ii) professional service fees, in particular, recruitment fees to support hiring needs.

Selling Expenses

During the Track Record Period, selling expenses of Yubei Steering primarily consisted of (i) employee benefit expenses; (ii) lease expenses; and (iii) warehousing expenses. The following table sets forth a breakdown of selling expenses of Yubei Steering by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(RMB in thousands, except for percentages)</i>						
Employee benefit expenses . . .	19,853	30.2	27,581	42.4	28,076	36.6
Lease expenses	13,827	21.1	12,600	19.3	16,754	21.9
Warehousing expenses	16,509	25.2	9,234	14.2	11,377	14.8
Business development, office and traveling expenses	5,901	9.0	5,617	8.6	9,006	11.8
Marketing expenses	6,836	10.4	7,908	12.1	8,955	11.7
Others ⁽¹⁾	2,714	4.1	2,186	3.4	2,458	3.2
Total	65,640	100.0	65,126	100.0	76,626	100.0

(1) Others mainly included insurance expenses.

Selling expenses of Yubei Steering remained relatively stable at RMB65.6 million in 2023 and RMB65.1 million in 2024. Selling expenses of Yubei Steering then increased by 17.7% to RMB76.6 million in 2025, primarily due to increases in (i) lease expenses mainly for storage cages as production volume increased; (ii) business development, office and traveling expenses arising from an increase in traveling expenses; and (iii) warehousing expenses as sales increased.

Net Impairment Losses Recognized on Financial Assets

During the Track Record Period, Yubei Steering’s net impairment losses recognized on financial assets represented expected credit losses on Yubei Steering’s trade and notes receivables and other receivables. In 2023, 2024 and 2025, Yubei Steering recorded net impairment losses recognized on financial assets of RMB9.0 million, RMB18.5 million and RMB0.04 million, respectively. The relatively high amount in 2024 was primarily due to an increase in trade receivables in 2024 arising from (i) an increase in the number of overseas OEM customers; and (ii) design wins acquired from certain OEM customers entering mass production.

Finance Costs

During the Track Record Period, Yubei Steering’s finance costs mainly consisted of interest expense on borrowings and lease liabilities.

Yubei Steering’s finance costs remained relatively stable at RMB6.8 million in 2023 and 2024. Yubei Steering’s finance costs then increased by 17.6% to RMB8.0 million in 2025, primarily due to an increase in interest expense on borrowings as bank borrowings increased.

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Income Tax Credit/(Expense)

In 2023, Yubei Steering recorded income tax credit of RMB4.5 million, which turned into income tax expenses of RMB4.3 million in 2024, primarily due to an increase in the parent company’s taxable income. In 2025, Yubei Steering recorded income tax credit of RMB1.7 million, primarily due to the impact of the amount of additional deduction for research and development expenses which increased during the same period.

During the Track Record Period, income tax expense of Yubei Steering primarily included the PRC EIT and applicable income taxes in other jurisdictions where Yubei Steering operates or has establishment.

The PRC

Under the PRC Enterprise Income Tax Law and its relevant regulations, EIT for Yubei Steering and its subsidiaries is calculated based on their estimated taxable profits for the relevant year, applying the statutory tax rate of 25% or applicable preferential tax rate, in accordance with current legislation, interpretations and practices.

Pursuant to relevant PRC laws and regulations and upon approval by the competent tax authority, Yubei Steering has been recognized as a High and New Technology Enterprise and is therefore entitled to a preferential tax rate of 15% for a valid period of three years.

Other Jurisdictions

Income tax on profit arising from other jurisdictions have been calculated on the estimated taxable profit for the year at the respective rates prevailing in the relevant jurisdictions. See note 11 to the “Accountants’ Report of the Target Group” in Appendix IB to this document.

Profit for the Year

In light of the above, Yubei Steering achieved a profit for the year of RMB90.0 million, RMB134.3 million and RMB157.0 million in 2023, 2024 and 2025, with a net profit margin of 3.0%, 4.5% and 5.0%, respectively.

Discussion of Certain Selected Items from Consolidated Statements of Financial Position of Yubei Steering

Non-current Assets and Liabilities

The table below sets forth Yubei Steering’s non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current Assets			
Property, plant and equipment	567,548	569,820	522,590
Right-of-use assets	54,787	50,354	48,674
Intangible assets	25,439	23,848	23,993
Investment properties	1,951	1,836	820
Investments in associates and joint ventures . .	291,329	317,658	378,626
Prepayments	42,783	6,942	39,473
Deferred tax assets	53,697	62,961	70,970
Total non-current assets	1,037,534	1,033,419	1,085,146

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	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current Liabilities			
Borrowings	90,000	174,000	138,600
Lease liabilities	1,510	—	979
Deferred income	15,304	11,423	11,451
Provision	88,671	91,057	119,069
Deferred tax liabilities	—	—	9
Total non-current liabilities.	195,485	276,480	270,108

Property, Plant and Equipment

During the Track Record Period, Yubei Steering’s property, plant and equipment consisted of (i) machinery and equipment; (ii) buildings; (iii) electronic equipment and others; (iv) construction in progress; and (v) transportation equipment.

The net book value of Yubei Steering’s property, plant and equipment remain relatively stable at RMB567.5 million as of December 31, 2023 and RMB569.8 million as of December 31, 2024, which then decreased by 8.3% to RMB522.6 million as of December 31, 2025, primarily due to depreciation of certain equipment.

Right-of-use Assets

During the Track Record Period, Yubei Steering’s right-of-use assets consisted of buildings and land use rights. Yubei Steering’s right-of-use assets remained relatively stable at RMB54.8 million, RMB50.4 million and RMB48.7 million as of December 31, 2023, 2024 and 2025, respectively.

Intangible Assets

During the Track Record Period, Yubei Steering’s intangible assets consisted of software. Yubei Steering’s intangible assets decreased by 6.3% from RMB25.4 million as of December 31, 2023 to RMB23.8 million as of December 31, 2024, primarily due to amortization of software. Yubei Steering’s intangible assets remained relatively stable at RMB24.0 million as of December 31, 2025.

Investments in Associates and Joint Ventures

During the Track Record Period, Yubei Steering’s investments in associates and joint ventures comprised unlisted investments and amounted to RMB291.3 million, RMB317.7 million and RMB378.6 million as of December 31, 2023, 2024 and 2025, respectively. Such increases were primarily due to increase in the recognized investment income from a joint venture due to its sustained profitability.

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Current Assets and Current Liabilities

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current Assets			
Inventories	200,482	220,192	257,644
Trade and notes receivables	882,988	1,009,190	1,017,012
Prepayments, other receivables and other assets.	15,907	29,006	26,088
Financial assets at FVTOCI	390,518	397,436	760,007
Restricted bank deposits.	288,582	395,461	430,314
Prepaid income tax	—	—	19
Cash at bank and on hand	90,380	215,066	248,614
Total current assets	1,868,857	2,266,351	2,739,698
Current Liabilities			
Trade, notes and other payables	1,961,852	2,106,149	2,181,323
Contract liabilities	22,925	21,825	25,667
Borrowings	83	44,654	392,729
Lease liabilities	4,097	2,034	1,000
Income tax payable	4,785	11,404	392
Total current liabilities.	1,993,742	2,186,066	2,601,111
Net current (liabilities)/assets	(124,885)	80,285	138,587

Yubei Steering’s net current assets increased by 72.6% from RMB80.3 million as of December 31, 2024 to RMB138.6 million as of December 31, 2025. This increase was primarily due to an increase of RMB362.6 million in Yubei Steering’s financial assets at FVTOCI primarily due to an increase in bank acceptance notes we received in 2025 primarily because of (i) an increase in product sales; and (ii) a decrease in discounting, partially offset by an increase of RMB348.1 million in Yubei Steering’s borrowings.

Yubei Steering recorded net current liabilities of RMB124.9 million as of December 31, 2023, which turned into net current assets of RMB80.3 million as of December 31, 2024. This increase was primarily due to (i) an increase of RMB126.2 million in trade and notes receivables primarily because certain design wins entered mass production stage in 2024; (ii) an increase of RMB124.7 million in cash at bank and on hand; and (iii) an increase in restricted bank deposits of RMB106.9 million, partially offset by an increase of RMB144.3 million in trade, notes and other payables.

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Inventories

During the Track Record Period, Yubei Steering’s inventories primarily consisted of raw materials and finished goods. The following table sets forth a breakdown of Yubei Steering’s inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	85,919	89,722	107,525
Finished goods	129,190	157,664	179,626
Consumables	4,301	2,138	3,197
Consigned processing materials	6,299	3,985	3,347
Subtotal	225,709	253,509	293,695
Less: provision for impairment	(25,227)	(33,317)	(36,051)
Total	200,482	220,192	257,644

Yubei Steering’s inventories increased by 9.8% from RMB200.5 million as of December 31, 2023 to RMB220.2 million as of December 31, 2024, and further by 17.0% to RMB257.6 million as of December 31, 2025, primarily due to increases in raw materials and finished goods in line with increased sales and anticipated continued growth.

The following table sets forth an aging analysis of Yubei Steering’s inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	206,899	235,380	268,962
One to two years	12,734	7,866	14,481
Two to three years	4,147	6,286	4,690
Over three years	1,929	3,977	5,562
Less: provision for impairment	(25,227)	(33,317)	(36,051)
Total	200,482	220,192	257,644

The following table sets forth the turnover days of Yubei Steering’s inventories for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(days)</i>		
Inventory turnover days ⁽¹⁾	37.9	32.5	36.1

(1) Average turnover days of inventories is equal to the average of the beginning and ending inventory balances of a year divided by cost of sales for that year and multiplied by 365 days.

Yubei Steering’s inventory turnover days decreased from 37.9 days in 2023 to 32.5 days in 2024, primarily due to consumption of previous inventories in 2023. Yubei Steering’s inventory turnover days then increased to 36.1 days in 2025, primarily due to the growth of sales volume.

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As of March 31, 2026, RMB229.1 million or 78.0% of inventories of Yubei Steering as of December 31, 2025 had been subsequently sold or utilized.

Trade and Notes Receivables

Yubei Steering’s trade and notes receivables represented receivables of income from the sales of its products. The following table sets forth a breakdown of Yubei Steering’s trade and notes receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade receivables	1,003,867	1,148,990	1,134,160
Notes receivables	5,846	5,069	27,617
Subtotal	1,009,713	1,154,059	1,161,777
Less: allowance for impairment	(126,725)	(144,869)	(144,765)
Total	882,988	1,009,190	1,017,012

Yubei Steering’s trade and notes receivables increased by 14.3% from RMB883.0 million as of December 31, 2023, to RMB1,009.2 million as of December 31, 2024, primarily because certain design wins entered mass production in 2024. Yubei Steering’s trade and notes receivables remained relatively stable at RMB1,017.0 million as of December 31, 2025.

The following table sets forth an aging analysis of Yubei Steering’s trade receivables presented based on the time of revenue recognition:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within one year	921,374	1,068,340	1,042,329
Over one year but within two years	2,353	826	12,533
Over two years but within three years	23	61	18
Over three years	80,117	79,763	79,280
Total	1,003,867	1,148,990	1,134,160

The trade receivables of Yubei Steering with an aging of over three years were primarily related to a customer undergoing bankruptcy and restructuring. Such trade receivables aged over three years had been fully provided for during the Track Record Period.

The following table sets forth the number of Yubei Steering’s trade and notes receivables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
		(days)	
Trade receivables turnover days ⁽¹⁾	107.2	132.1	132.7
Notes receivables turnover days ⁽¹⁾	0.8	0.7	1.9

(1) The trade and notes receivables turnover days are derived by dividing the average of the beginning and ending trade and notes receivables balance by revenue for that year and multiplied by 365 days.

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During the Track Record Period, the credit period granted by Yubei Steering to its customers was generally 30 to 120 days. In 2023, 2024 and 2025, the trade receivables turnover days of Yubei Steering were 107.2 days, 132.1 days and 132.7 days, respectively, primarily due to the significant increase in receivables at the end of 2024. In 2023, 2024 and 2025, the notes receivables turnover days of Yubei Steering were 0.8 days, 0.7 days and 1.9 days, respectively.

As of March 31, 2026, RMB946.2 million or 81.4% of trade and notes receivables of Yubei Steering as of December 31, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

During the Track Record Period, Yubei Steering’s prepayments, other receivables and other assets primarily consisted of (i) VAT recoverable, mainly representing the deductible difference between output VAT payable and input VAT payable under applicable PRC laws; (ii) prepayments for acquisition of long-term assets; and (iii) other receivables in relation to the disposal of equity interests in an associate. The following table sets forth a breakdown of Yubei Steering’s prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current portion			
Prepayments for acquisition of long-term assets.	42,783	6,942	39,473
Total non-current portion.	42,783	6,942	39,473
Current portion			
Other receivables.	10,541	18,601	3,974
Less: allowance for impairment	(1,396)	(1,722)	(1,868)
Subtotal — Other receivables.	9,145	16,879	2,106
VAT recoverable	4,016	9,193	19,889
Prepayments for materials and others	2,746	2,934	4,093
Total current portion	15,907	29,006	26,088

The non-current portion of Yubei Steering’s prepayments, other receivables and other assets decreased by 83.8% from RMB42.8 million as of December 31, 2023 to RMB6.9 million as of December 31, 2024, due to a decrease in prepayments for acquisition of long-term assets mainly in relation to the purchase of equipment for new production lines. Such decrease was due to equipment delivery. The non-current portion of Yubei Steering’s prepayments, other receivables and other assets then increased significantly to RMB39.5 million as of December 31, 2025, caused by an increase in prepayments for acquisition of long-term assets mainly in relation to the purchase of equipment for existing and new production lines.

The current portion of Yubei Steering’s prepayments, other receivables and other assets increased by 82.3% from RMB15.9 million as of December 31, 2023 to RMB29.0 million as of December 31, 2024, primarily due to (i) an increase in other receivables, mainly arising from the disposal of equity interests in an associate; and (ii) an increase in VAT recoverable resulting from a decrease in the amount of input VAT that was deducted and certified in 2024. The current portion of Yubei Steering’s prepayments, other receivables and other assets then decreased by 10.1% to RMB26.1 million as of December 31, 2025, primarily due to a decrease in other receivables, mainly arising from the collection of receivables related to the disposal of equity interests in an associate.

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Financial Assets at FVTOCI

Yubei Steering’s financial assets at FVTOCI included notes receivables measured at FVTOCI. See notes 3.2 and 18 to the “Accountants’ Report of the Target Group” in Appendix IB to this document.

Yubei Steering’s financial assets at FVTOCI remained relatively stable at RMB390.5 million as of December 31, 2023 and RMB397.4 million as of December 31, 2024. Yubei Steering’s financial assets at FVTOCI increased by 91.2% to RMB760.0 million as of December 31, 2025, primarily due to an increase in bank acceptance notes in 2025 primarily because of (i) an increase in product sales; and (ii) a decrease in discounting.

Restricted Bank Deposits

During the Track Record Period, Yubei Steering’s restricted bank deposits consisted of (i) pledged cash balances for bank acceptance notes; and (ii) pledged cash balances for letter of credit. Yubei Steering’s restricted bank deposits increased by 37.0% from RMB288.6 million as of December 31, 2023 to RMB395.5 million as of December 31, 2024, and further increased by 8.8% to RMB430.3 million as of December 31, 2025, primarily due to increases in pledged cash balances for bank acceptance notes.

Trade, Notes and Other Payables

Yubei Steering’s trade, notes and other payables mainly represented payment obligations to Yubei Steering’s suppliers. The following table sets forth a breakdown of Yubei Steering’s trade, notes and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		<i>(RMB in thousands)</i>	
Trade payables	1,030,255	1,138,084	1,187,251
Notes payables	775,706	793,107	835,646
Subtotal	1,805,961	1,931,191	2,022,897
Payables for acquisition of non-current assets.	17,061	48,267	35,939
Payroll and welfare payables	66,383	67,846	72,894
Accrued expenses	16,090	16,524	15,310
Deposits received	3,054	10,703	9,855
Other tax liabilities	32,139	15,807	5,316
Others	21,164	15,811	19,112
Total	1,961,852	2,106,149	2,181,323

Yubei Steering’s trade, notes and other payables increased by 7.4% from RMB1,961.9 million as of December 31, 2023 to RMB2,106.1 million as of December 31, 2024, and further increased slightly to RMB2,181.3 million as of December 31, 2025, primarily due to an increase in Yubei Steering’s trade payables and notes payables as its business grew.

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The following table sets forth an aging analysis of Yubei Steering’s trade payables presented based on recognition date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	994,545	1,089,798	1,169,731
Over one year but within two years	22,910	17,020	14,217
Over two years but within three years	445	18,665	894
Over three years	12,355	12,601	2,409
Total	1,030,255	1,138,084	1,187,251

The following table sets forth Yubei Steering’s trade and notes payables turnover days for the periods indicated:

	As of December 31,		
	2023	2024	2025
	<i>(days)</i>		
Trade payables turnover days ⁽¹⁾	131.1	147.0	153.4
Notes payables turnover days ⁽¹⁾	92.2	106.4	107.4

(1) The trade and notes payables turnover days are calculated by dividing the arithmetic mean of the opening and ending net balance of Yubei Steering’s trade and notes payables in that year by cost of sales for the corresponding year and then multiplying by 365 days for that year.

During the Track Record Period, the credit period granted by suppliers to Yubei Steering was generally 30 to 90 days. In 2023, 2024 and 2025, the trade payables turnover days of Yubei Steering were 131.1 days, 147.0 days and 153.4 days, respectively, primarily due to (i) an increase in trade payables in line with the growth of its business scale; and (ii) more favorable payment terms with suppliers to Yubei Steering. In 2023, 2024 and 2025, the notes payables turnover days of Yubei Steering were 92.2 days, 106.4 days and 107.4 days, respectively, primarily due to an increase in directly issued acceptance notes.

As of March 31, 2026, RMB1,293.6 million or 59.3% of Yubei Steering’s trade, notes and other payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

During the Track Record Period, Yubei Steering’s contract liabilities represented advance payments received from customers for Yubei Steering’s products that had yet to be performed or delivered. Yubei Steering’s contract liabilities decreased from RMB22.9 million as of December 31, 2023 to RMB21.8 million as of December 31, 2024, primarily in line with the slight revenue decrease. Yubei Steering’s contract liabilities then increased by 17.6% to RMB25.7 million as of December 31, 2025, primarily due to the adoption of advance payment arrangements by a major customer in 2025.

As of March 31, 2026, RMB7.9 million or 31.0% of Yubei Steering’s contract liabilities as of December 31, 2025, had been subsequently recognized as revenue.

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Liquidity and Capital Resources of Yubei Steering

Yubei Steering’s principal use of cash during the Track Record Period was for working capital, production of their products and other recurring expenses. During the Track Record Period, Yubei Steering financed their capital expenditures and working capital requirements principally with cash generated from operating activities and financing activities, cash at bank and on hand and borrowings. As of December 31, 2023, 2024 and 2025, Yubei Steering had cash at bank and on hand of RMB90.4 million, RMB215.1 million, and RMB248.6 million, respectively.

Cash Flows

The following table sets forth Yubei Steering’s consolidated statements of cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows generated from/(used in) operating activities	48,905	13,384	(171,704)
Net cash flows (used in)/generated from investing activities	(19,744)	2,258	(52,097)
Net cash flows (used in)/generated from financing activities	(27,240)	108,665	257,236
Net increase in cash and cash equivalents	1,921	124,307	33,435
Cash and cash equivalents at beginning of year	88,314	90,380	215,066
Effect of foreign exchange rate changes, net	145	379	113
Cash and cash equivalents at end of year	90,380	215,066	248,614

Net Cash Flows Generated from/(Used in) Operating Activities

In 2025, Yubei Steering had net cash flows used in operating activities of RMB171.7 million. This net cash outflow was primarily due to (i) Yubei Steering’s profit before tax of RMB155.2 million, as adjusted for certain non-cash items, which principally included (a) depreciation of property, plant and equipment of RMB92.7 million; and (b) share of profits of associates and joint ventures of RMB59.7 million; and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in financial assets at FVTOCI of RMB362.6 million; and (b) an increase in inventories of RMB55.7 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in trade, notes and other payables of RMB49.9 million.

In 2024, Yubei Steering had net cash flows generated from operating activities of RMB13.4 million. This net cash inflow was primarily due to (i) Yubei Steering’s profit before tax of RMB138.6 million, as adjusted for certain non-cash items, which principally included (a) depreciation of property, plant and equipment of RMB94.7 million; and (b) share of profits of associates and joint ventures of RMB58.2 million; and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in trade and notes receivables of RMB144.3 million; and (b) an increase in restricted bank deposits of RMB107.8 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in trade, notes and other payables of RMB94.3 million.

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In 2023, Yubei Steering had net cash flows generated from operating activities of RMB48.9 million. This net cash inflow was primarily due to (i) Yubei Steering’s profit before tax of RMB85.5 million, as adjusted for certain non-cash items, which principally included (a) depreciation of property, plant and equipment of RMB85.8 million; and (b) share of profits of associates and joint ventures of RMB55.3 million; and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in trade and notes receivables of RMB226.6 million; and (b) an increase in financial assets at FVTOCI of RMB83.3 million, partially offset by (iii) changes in working capital that positively affected the cash flow from operating activities, primarily including (a) a decrease in inventories of RMB115.3 million; and (b) an increase in trade, notes and other payables of RMB47.0 million.

Net Cash Flows (Used in)/Generated from Investing Activities

In 2025, Yubei Steering had net cash flows used in investing activities of RMB52.1 million, primarily due to purchase of property, plant and equipment of RMB59.6 million, partially offset by proceeds from disposal of investments in associates of RMB13.5 million.

In 2024, Yubei Steering had net cash flows generated from investing activities of RMB2.3 million, primarily due to proceeds from disposal of investments in associates of RMB20.3 million, partially offset by purchases of property, plant and equipment of RMB17.7 million.

In 2023, Yubei Steering had net cash flows used in investing activities of RMB19.7 million, primarily due to purchase of property, plant and equipment of RMB62.4 million, partially offset by (i) proceeds from dividends received of RMB32.9 million; and (ii) proceeds from sale of bank wealth management products of RMB20.3 million.

Net Cash Flows (Used in)/Generated from Financing Activities

In 2025, Yubei Steering had net cash flows generated from financing activities of RMB257.2 million, primarily due to proceeds from borrowing of RMB450.0 million, partially offset by repayment of borrowings of RMB137.5 million.

In 2024, Yubei Steering had net cash flows generated from financing activities of RMB108.7 million, primarily due to proceeds from borrowing of RMB150.0 million.

In 2023, Yubei Steering had net cash flows used in financing activities of RMB27.2 million, primarily due to (i) repayment of borrowings of RMB240.0 million; and (ii) dividends paid of RMB39.9 million, partially offset by proceeds from borrowing of RMB270.0 million.

Indebtedness

Yubei Steering’ indebtedness mainly included borrowings and lease liabilities during the Track Record Period.

Borrowings

Yubei Steering’s borrowings during the Track Record Period mainly represented bank borrowings from commercial banks in the Chinese Mainland used for plant construction, equipment purchases and working capital.

As of December 31, 2023, 2024 and 2025, Yubei Steering had borrowings of RMB90.1 million, RMB218.7 million and RMB531.3 million, respectively, all of which were unsecured. The bank borrowings bore effective interest rates of 2.90%-3.05%, 2.30%-3.00% and 2.24%-2.90% per annum in

FINANCIAL INFORMATION

2023, 2024 and 2025, respectively. See note 27 to the “Accountants’ Report of the Target Group” in Appendix IB to this document. As of March 31, 2026, Yubei Steering had unutilized banking facilities of RMB2,203.6 million.

Lease Liabilities

Yubei Steering’s lease liabilities represented the outstanding lease payments primarily in respect of Yubei Steering’s leased buildings and properties. See note 13 to the “Accountants’ Report of the Target Group” in Appendix IB to this document.

Capital Expenditures

During the Track Record Period, Yubei Steering paid an aggregate amount of RMB66.9 million, RMB20.7 million, RMB65.7 million for capital expenditures on property, plant and equipment and intangible assets. The following table sets forth Yubei Steering’s capital expenditures for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Capital expenditures			
Purchases of property, plant and equipment . .	62,385	17,664	59,566
Purchases of intangible assets	4,564	2,990	6,116
Total	66,949	20,654	65,682

Commitments

As of December 31, 2023, 2024 and 2025, Yubei Steering’s capital commitments were RMB0.6 million, RMB4.4 million and RMB2.6 million, respectively, which represented contracted but unprovided commitments for purchase of property, plant and equipment.

DIVIDENDS

In 2023, 2024 and 2025, dividends of RMB139.6 million, RMB147.3 million and RMB211.6 million were declared and paid, respectively. We declared and paid dividends for 2025 totalling RMB230.5 million as of Latest Practicable Date. See note 17 of the Accountants’ Report in Appendix IA to this document. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Any future determination of dividends distribution, as well as the amount will be made at the discretion of our Board of Directors which will be subject to the corporate shareholder approval processes and may be based on a number of factors, including but not limited to our future operations and earnings, capital requirements and surplus, cash flows and general financial condition, contractual restrictions, taxation and other factors from time to time that the Board of Directors may deem relevant, and will also be subject to our Articles of Association and constitutional documents, as well as applicable laws and regulations. We shall distribute cash dividends once per financial year, provided that (i) the applicable conditions for cash dividend distribution are fulfilled; and (ii) there are no material investment plans or significant capital expenditure arrangements. In general, the total distributed cash dividends for three consecutive years shall no less than 30% of the average annual distributable profits in the consolidated financial statements over those three years. Interim dividends may also be distributed at discretion of our Board when circumstances permit. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends.

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DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company had retained earnings of RMB3,653.7 million. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this document for details of our unaudited [REDACTED] adjusted consolidated net tangible assets.

[REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range stated in this document), the [REDACTED] which are payable by us are estimated to amount in aggregate to be approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. The total [REDACTED] consist of (i) approximately HK\$[REDACTED] [REDACTED] (including [REDACTED], [REDACTED], SFC transaction levy, Stock Exchange trading fee, and AFRC transaction levy) and (ii) approximately HK\$[REDACTED] [REDACTED] mainly comprising (a) fees paid to legal adviser(s) and accountant(s) of approximately HK\$[REDACTED], and (b) other fees and expenses and fees paid to other professional parties of approximately HK\$[REDACTED]. Among the total [REDACTED], approximately RMB[REDACTED] (HK\$[REDACTED]) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] (HK\$[REDACTED]) of which is expected to be deducted from equity upon the completion of the [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed 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 Rule.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” in this document for our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED], and assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range as stated in this document). In line with our strategies, we intend to use the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to enhance our R&D capabilities to strengthen our core competitiveness in automotive intelligent chassis systems, including braking, steering and suspension and, by leveraging our core technological expertise, expand our product portfolio in emerging business sectors including embodied robotics, among which:
 - (i) Approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to our chassis integration strategy, focusing on continuous investment in the technological innovation and product development of braking, steering and suspension products. Specifically, our R&D investments will focus on the following areas: (i) product R&D and iterative upgrades of EPB, WCBS, EMB, mechanical disc brakes, calipers and lightweight chassis components, so as to expand competitive advantages through continuous innovation and strengthen our leading position in the domestic braking sector; (ii) product R&D and iterative upgrades of EPS products such as C-EPS, DP-EPS and R-EPS, while developing SBW technology to continuously enhance our R&D capabilities in relevant fields and enhance our competitive advantages in the steering sector; (iii) product R&D and iterative upgrades of core suspension components such as air springs, EDC and air supply units, rapidly establishing core competitiveness in the field of electronically controlled suspension and expanding our business in this area. Such [REDACTED] is expected to be primarily allocated to maintain and expand the R&D team, procure R&D equipment and software and support product prototyping.
 - (ii) Approximately [REDACTED]%, or HK\$[REDACTED], will be used for the R&D of embodied robotics. Leveraging our own technological expertise, we plan to continuously develop robotics motion control algorithms, rolling screws frameless torque motors and robotics joint module products, progressively establishing R&D capabilities for motion control solutions. This will allow us to capture growth opportunity arising from the embodied robotics industry’s rapid development. Such [REDACTED] is expected to be primarily allocated to maintain and expand the R&D team, procure R&D equipment and software and support product prototyping.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to invest in our domestic production capacity expansion to meet rapidly growing demand in the automotive intelligent chassis systems and establish mass production capabilities in emerging business sectors, including:

- (i) Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for capacity expansion in the field of automotive intelligent chassis systems. According to F&S, driven by technological changes and favorable policies, the global automotive braking systems, automotive steering systems and automotive air suspension systems markets are expected to achieve CAGR of 8.0%, 7.3% and 18.3%, respectively, from 2026 to 2030.

To capture market growth opportunities, we will continue to invest in production capacity expansion for braking, steering and suspension products. Specific production capacity upgrade and expansion plans will be targeted on the following production lines: (i) our key braking products such as EPB, WCBS, EMB and lightweight chassis components, to meet the growing demand from downstream customers, further maintain our leading market position; (ii) steering systems and components, continuously enhancing our competitiveness in this field by expanding production capacity and optimizing production efficiency; and (iii) reserving capacity for electronically controlled suspension system products, accelerating commercialization and thoroughly implementing the chassis XYZ-axes integration strategy. Upon completion, the enhanced production capacities will steadily enhance our mass production capabilities to support the diversified needs of our customers. Such [REDACTED] is expected to be primarily allocated to land acquisition, plant construction and the procurement and installation of production line equipment.

- (ii) Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for the commercialization and capacity building of motors, rolling screws and robotics joint module products for embodied robotics, accelerating our transition in this segment from the R&D and validation stage to mass production, and establishing a new growth engine for us. Such [REDACTED] is expected to be primarily allocated to land acquisition, plant construction and the procurement and installation of production line equipment.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to expand our global manufacturing footprint and enhance localized service capabilities to respond more efficiently to overseas customer needs and support international expansion, including:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used for construction of the production base in Morocco, enhancing our supply chain resilience and response efficiency. This will further expand our global layout and enhance localized service capabilities to meet increasing demand from our customers in Europe and North Africa. Such [REDACTED] is expected to be primarily allocated for the procurement and installation of production line equipment as well as plant construction.
 - (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used to to maintain and expand our local teams in Europe, supporting our overseas operations and customer service capabilities, facilitating the international expansion of our existing domestic customers and further broadening our overseas customer base.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and other general corporate purposes.

If the net [REDACTED] of the [REDACTED] are not immediately applied to the above purposes, we will only deposit those net [REDACTED] into short term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

The additional net [REDACTED] that we would receive if the [REDACTED] is exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the maximum [REDACTED]), (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range) and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the minimum [REDACTED]).

To the extent that the net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis. We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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[REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX IA

ACCOUNTANTS’ REPORT OF THE GROUP

The following is the text of a report set out on pages IA-[1] to IA-[101], received from the Company’s reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BETHEL AUTOMOTIVE SAFETY SYSTEMS CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Bethel Automotive Safety Systems Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages IA-[3] to IA-[101], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on page IA-[3] to IA-[101] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2

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ACCOUNTANTS’ REPORT OF THE GROUP

to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Group’s consolidated financial position as at December 31, 2023, 2024 and 2025, the Company’s financial position as at December 31, 2023, 2024 and 2025, and of the consolidated financial performance and consolidated cash flows of the Group for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-[3] have been made.

Dividends

We refer to Note 17 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

[•]

Practicing Certificate Number: [•]

Hong Kong

[Date]

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ACCOUNTANTS’ REPORT OF THE GROUP

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) and were audited by Rongcheng (Hong Kong) CPA Limited in accordance with International Standards on Auditing issued by the IAASB (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT OF THE GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	5	7,195,851	9,635,551	11,711,707
Cost of sales	8	(5,820,901)	(7,861,800)	(9,649,539)
Gross profit		1,374,950	1,773,751	2,062,168
Other income	6	375,444	528,442	444,425
Other (losses) and gains, net	7	(4,147)	44,220	21,565
Research and development expenses	8	(449,781)	(575,517)	(605,497)
General and administrative expenses	8	(178,455)	(239,724)	(306,452)
Selling expenses	8	(32,230)	(39,889)	(60,295)
Net impairment losses (recognised)/reversed on financial assets	21, 22	(38,762)	(85,805)	8,915
Finance costs	10	(30,061)	(10,150)	(35,705)
Profit before income tax		1,016,958	1,395,328	1,529,124
Income tax expense	11	(106,259)	(173,331)	(208,447)
Profit for the year		910,699	1,221,997	1,320,677
Profit for the year attributable to:				
Owners of the Company		891,498	1,208,851	1,309,438
Non-controlling interests		19,201	13,146	11,239
		910,699	1,221,997	1,320,677
Other comprehensive income/(loss) for the year, net of tax				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of financial statements of foreign operations, net of tax		3,607	(134,509)	135,852
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		6,952	(12,153)	9,937
Total comprehensive income for the year .		921,258	1,075,335	1,466,466
Total comprehensive income for the year attributable to:				
Owners of the Company		902,057	1,062,189	1,455,227
Non-controlling interests		19,201	13,146	11,239
		921,258	1,075,335	1,466,466
Earnings per share (“EPS”) for profit attributable to owners of the Company .	12			
Basic (in RMB per share)		1.04	1.35	1.47
Diluted (in RMB per share)		1.04	1.35	1.45

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ACCOUNTANTS’ REPORT OF THE GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	13	2,598,339	3,020,374	3,529,492
Right-of-use assets	14	132,428	131,339	152,132
Intangible assets	15	28,995	23,652	21,734
Investment properties	16	4,936	—	—
Financial assets at fair value through profit or loss	18	—	100,000	165,993
Financial assets at fair value through other comprehensive income	19	60,231	72,633	84,137
Time deposits	24	—	—	242,557
Prepayments, other receivables and other assets	22	142,267	120,302	75,628
Deferred tax assets	26	61,163	62,423	16,796
		3,028,359	3,530,723	4,288,469
Current assets				
Inventories	20	1,037,077	1,419,969	1,807,420
Trade and notes receivables	21	2,646,126	4,135,697	3,908,601
Prepayments, other receivables and other assets	22	180,563	322,156	474,641
Financial assets at fair value through profit or loss	18	214,643	93,562	2,512,133
Financial assets at fair value through other comprehensive income	19	1,300,431	1,098,797	2,108,214
Restricted bank deposits	23	86,717	49,724	14,621
Prepaid income tax		6	102	2,520
Time deposits	24	—	—	391,988
Cash at bank and on hand	25	2,252,827	2,135,307	1,767,075
		7,718,390	9,255,314	12,987,213
Current liabilities				
Trade, notes and other payables	27	3,862,337	5,130,288	5,613,090
Contract liabilities	28	9,173	53,175	40,350
Borrowings	29	284,209	29,783	31,053
Bonds payable	30	—	—	1,401
Lease liabilities	14	2,452	3,144	3,516
Income tax payable		74,778	109,116	98,124
		4,232,949	5,325,506	5,787,534
Net current assets		3,485,441	3,929,808	7,199,679
Total assets less current liabilities		6,513,800	7,460,531	11,488,148

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ACCOUNTANTS’ REPORT OF THE GROUP

	<i>Notes</i>	As at December 31,		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities				
Trade, notes and other payables	27	121,490	121,490	72,346
Borrowings	29	59,390	69,490	47,690
Bonds payable	30	—	—	2,592,200
Lease liabilities	14	2,378	1,909	11,476
Deferred income	31	150,821	166,658	157,323
Provision	32	103,806	136,575	167,865
Deferred tax liabilities	26	22,107	24,145	24,528
		459,992	520,267	3,073,428
Net assets		6,053,808	6,940,264	8,414,720
EQUITY				
Share capital	33	433,252	606,546	606,511
Treasury shares	33	(45,326)	(98,071)	(75,155)
Other reserves	34	2,027,853	1,807,928	2,132,539
Retained earnings	34	3,261,333	4,239,519	5,334,044
Equity attributable to owners of the Company		5,677,112	6,555,922	7,997,939
Non-controlling interests		376,696	384,342	416,781
Total equity		6,053,808	6,940,264	8,414,720

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ACCOUNTANTS’ REPORT OF THE GROUP

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	13	369,519	387,468	453,513
Right-of-use assets	14	16,094	17,933	24,818
Intangible assets	15	8,116	9,305	11,674
Investments in subsidiaries	38	1,514,698	1,551,484	1,634,922
Financial assets at fair value through profit or loss	18	—	100,000	115,993
Financial assets at fair value through other comprehensive income	19	60,231	72,633	84,137
Time deposits	24	—	—	242,557
Prepayments, other receivables and other assets	22	11,862	22,520	10,403
Deferred tax assets	26	35,544	50,497	9,746
		2,016,064	2,211,840	2,587,763
Current assets				
Inventories	20	265,592	445,066	481,553
Trade and notes receivables	21	2,043,196	3,125,407	3,016,851
Prepayments, other receivables and other assets	22	398,779	816,868	1,405,449
Financial assets at fair value through profit or loss	18	30,793	721	2,361,951
Financial assets at fair value through other comprehensive income	19	1,024,993	928,525	1,877,515
Time deposits	24	—	—	391,988
Cash at bank and on hand	25	2,088,854	2,015,660	1,396,252
		5,852,207	7,332,247	10,931,559
Current liabilities				
Trade, notes and other payables	27	2,683,789	3,831,681	4,445,328
Contract liabilities	28	5,682	48,589	12,765
Borrowings	29	235,166	19,305	11,008
Bonds payable	30	—	—	1,401
Lease liabilities	14	456	984	2,454
Income tax payable		63,339	84,833	65,692
		2,988,432	3,985,392	4,538,648
Net current assets		2,863,775	3,346,855	6,392,911
Total assets less current liabilities		4,879,839	5,558,695	8,980,674

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ACCOUNTANTS’ REPORT OF THE GROUP

	<i>Notes</i>	As at December 31,		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities				
Trade, notes and other payables	27	75,000	75,000	55,000
Borrowings	29	—	20,000	18,000
Bonds payable	30	—	—	2,592,200
Lease liabilities	14	219	1,909	7,451
Deferred income	31	64,740	66,411	58,135
Provision	32	70,711	94,578	114,311
		<u>210,670</u>	<u>257,898</u>	<u>2,845,097</u>
Net assets		<u>4,669,169</u>	<u>5,300,797</u>	<u>6,135,577</u>
EQUITY				
Share capital	33	433,252	606,546	606,511
Treasury shares	33	(45,326)	(98,071)	(75,155)
Other reserves	34	1,860,013	1,768,108	1,950,510
Retained earnings	34	2,421,230	3,024,214	3,653,711
Total equity		<u>4,669,169</u>	<u>5,300,797</u>	<u>6,135,577</u>

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ACCOUNTANTS’ REPORT OF THE GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company										
										Non-controlling interests	Total equity
	Equity component of convertible bonds				Other comprehensive income reserve		Statutory reserve	Retained earnings	Sub-total		
	Share capital	Treasury shares	Capital reserve		Special reserve	income reserve					
	RMB'000 Note 33	RMB'000 Note 33	RMB'000	RMB'000	RMB'000 Note (c)	RMB'000 Note (a)	RMB'000 Note (b)	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023.	411,827	(82,323)	942,491	136,467	25,995	50,192	205,913	2,520,142	4,210,704	356,130	4,566,834
Profit for the year.	—	—	—	—	—	—	—	891,498	891,498	19,201	910,699
Other comprehensive income for the year:											
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	—	6,952	—	—	6,952	—	6,952
Exchange differences on translation of financial statements of foreign operations, net of tax.	—	—	—	—	—	3,607	—	—	3,607	—	3,607
Total comprehensive income for the year	—	—	—	—	—	10,559	—	891,498	902,057	19,201	921,258
Conversion of convertible bonds into share (Note 30 and Note 33)	21,886	—	799,516	(136,467)	—	—	—	—	684,935	—	684,935
Appropriation of safety production fund.	—	—	—	—	7,939	—	—	—	7,939	—	7,939
Utilisation of safety production fund.	—	—	—	—	(1,067)	—	—	—	(1,067)	—	(1,067)
Share-based compensation expenses (Note 36)	—	—	9,328	—	—	—	—	—	9,328	—	9,328
Dividend declared (Note 17).	—	—	—	—	—	—	—	(139,595)	(139,595)	—	(139,595)
Appropriation of statutory reserve	—	—	—	—	—	—	10,712	(10,712)	—	—	—
Forfeiture of unvested restricted shares.	(461)	11,930	(11,469)	—	—	—	—	—	—	—	—
Granting and vesting of restricted shares.	—	25,067	(22,256)	—	—	—	—	—	2,811	—	2,811
Capital contribution from a non-controlling shareholder.	—	—	—	—	—	—	—	—	—	1,365	1,365
As at December 31, 2023	433,252	(45,326)	1,717,610	—	32,867	60,751	216,625	3,261,333	5,677,112	376,696	6,053,808

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Attributable to owners of the Company										
	Share capital	Treasury shares	Capital reserve	Special reserve	Other comprehensive income reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 33	Note 33		Note (c)	Note (a)	Note (b)				
As at January 1, 2024	433,252	(45,326)	1,717,610	32,867	60,751	216,625	3,261,333	5,677,112	376,696	6,053,808
Profit for the year	—	—	—	—	—	—	1,208,851	1,208,851	13,146	1,221,997
Other comprehensive income for the year :										
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax.	—	—	—	—	(12,153)	—	—	(12,153)	—	(12,153)
Exchange differences on translation of financial statements of foreign operations, net of tax	—	—	—	—	(134,509)	—	—	(134,509)	—	(134,509)
Total comprehensive income for the year	—	—	—	—	(146,662)	—	1,208,851	1,062,189	13,146	1,075,335
Appropriation of safety production fund.	—	—	—	11,575	—	—	—	11,575	—	11,575
Utilisation of safety production fund	—	—	—	(5,086)	—	—	—	(5,086)	—	(5,086)
Share-based compensation expenses										
(Note 36)	—	—	10,177	—	—	—	—	10,177	—	10,177
Dividend declared (Note 17)	—	—	—	—	—	—	(147,300)	(147,300)	(5,500)	(152,800)
Appropriation of statutory reserve	—	—	—	—	—	83,365	(83,365)	—	—	—
Vesting of restricted shares	—	10,461	—	—	—	—	—	10,461	—	10,461
Capital reserve converted into share capital										
(Note 33)	173,294	—	(173,294)	—	—	—	—	—	—	—
Repurchase of shares (Note 33)	—	(63,206)	—	—	—	—	—	(63,206)	—	(63,206)
As at December 31, 2024	<u>606,546</u>	<u>(98,071)</u>	<u>1,554,493</u>	<u>39,356</u>	<u>(85,911)</u>	<u>299,990</u>	<u>4,239,519</u>	<u>6,555,922</u>	<u>384,342</u>	<u>6,940,264</u>

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ACCOUNTANTS’ REPORT OF THE GROUP

	Attributable to owners of the Company										
	Share capital	Treasury shares	Capital reserve	Equity component of convertible bonds	Special reserve	Other comprehensive income reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 Note 33	RMB'000 Note 33	RMB'000	RMB'000	RMB'000 Note (c)	RMB'000 Note (a)	RMB'000 Note (b)	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	606,546	(98,071)	1,554,493	—	39,356	(85,911)	299,990	4,239,519	6,555,922	384,342	6,940,264
Profit for the year	—	—	—	—	—	—	—	1,309,438	1,309,438	11,239	1,320,677
Other comprehensive income for the year :											
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	—	9,937	—	—	9,937	—	9,937
Exchange differences on translation of financial statements of foreign operations, net of tax	—	—	—	—	—	135,852	—	—	135,852	—	135,852
Total comprehensive income for the year	—	—	—	—	—	145,789	—	1,309,438	1,455,227	11,239	1,466,466
Appropriation of safety production fund	—	—	—	—	9,709	—	—	—	9,709	—	9,709
Utilisation of safety production fund	—	—	—	—	(3,352)	—	—	—	(3,352)	—	(3,352)
Share-based compensation expenses (Note 36)	—	—	9,475	—	—	—	—	—	9,475	—	9,475
Dividend declared (Note 17)	—	—	—	—	—	—	—	(211,649)	(211,649)	—	(211,649)
Appropriation of statutory reserve	—	—	—	—	—	—	3,264	(3,264)	—	—	—
Forfeiture of unvested restricted shares	(35)	182	(147)	—	—	—	—	—	—	—	—
Granting and vesting of restricted shares	—	37,634	(33,160)	—	—	—	—	—	4,474	—	4,474
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	21,200	21,200
Repurchase of shares (Note 33)	—	(14,900)	—	—	—	—	—	—	(14,900)	—	(14,900)
Issue of convertible bonds (Note 30)	—	—	—	193,033	—	—	—	—	193,033	—	193,033
As at December 31, 2025	606,511	(75,155)	1,530,661	193,033	45,713	59,878	303,254	5,334,044	7,997,939	416,781	8,414,720

Notes:

- Other comprehensive income reserve is the reserve due to the translation of financial statements of foreign operations and the changes in fair value of financial assets at fair value through other comprehensive income.
- It represents the statutory reserve of the Company established in the People’s Republic of China (“PRC”).
- Pursuant to certain regulations issued by the Ministry of Finance and the Ministry of Emergency Management of the PRC, the Group is required to set aside an amount for maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Operating activities			
Profit before income tax	1,016,958	1,395,328	1,529,124
Adjustments for:			
Depreciation of property, plant and equipment (<i>Note 13</i>)	208,238	283,087	333,269
Depreciation of investment properties (<i>Note 16</i>).	319	245	—
Depreciation of right-of-use assets (<i>Note 14</i>).	5,210	5,261	7,200
Amortisation of intangible assets (<i>Note 15</i>).	11,925	12,100	13,648
Net gains on disposal of financial assets at fair value through profit or loss (<i>Note 7</i>).	(2,943)	(3,902)	(6,704)
Dividends received from financial assets at fair value through other comprehensive income (<i>Note 7</i>).	—	(6,800)	(15,182)
Fair value gains on financial assets at fair value through profit or loss (<i>Note 7</i>).	(1,321)	(594)	(36,206)
Net losses on disposal of notes receivables measured at FVTOCI (<i>Note 7</i>)	12,846	15,107	17,956
Interest income (<i>Note 6</i>)	(65,477)	(64,155)	(50,923)
Net losses on disposal of property, plant and equipment and right-of-use assets (<i>Note 7</i>)	2,124	1,725	1,035
Net impairment losses recognised on inventories (<i>Note 8</i>)	4,919	28,691	11,574
Finance costs (<i>Note 10</i>)	30,061	10,150	35,705
Net impairment losses recognised/ (reversed) on financial assets	38,762	85,805	(8,915)
Share-based payment expenses (<i>Note 8</i>)	9,328	10,177	9,475
Amortisation of deferred government grants (<i>Note 6</i>)	(19,042)	(26,308)	(28,419)
Net foreign exchange (gains)/losses	(7,156)	445	5,389
Appropriation of safety production fund	7,939	11,575	9,709
(Increase)/decrease in trade and notes receivables	(745,099)	(1,573,997)	235,000
(Increase)/decrease in financial assets at fair value through other comprehensive income	(488,929)	201,634	(1,009,417)

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ACCOUNTANTS’ REPORT OF THE GROUP

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Decrease/(increase) in prepayments, other receivables and other assets	86,377	(101,437)	34,128
Increase in inventories	(142,968)	(411,583)	(399,025)
Increase in trade, notes and other payables .	722,293	1,146,733	345,973
(Decrease)/increase in contract liabilities . .	(9,082)	44,002	(12,825)
(Decrease)/increase in deferred income	13,974	15,837	(9,335)
Increase in provisions	21,628	32,769	31,290
Decrease in restricted bank deposits	36,889	81,993	35,103
Cash generated from operations	747,773	1,193,888	1,078,627
Income tax paid	(69,442)	(136,167)	(211,665)
Net cash flows generated from operating activities	678,331	1,057,721	866,962
Investing activities			
Purchase of property, plant and equipment . . .	(1,000,142)	(725,000)	(795,756)
Purchase of intangible assets	(4,292)	(6,776)	(7,388)
Prepayment for right of use assets	(28,038)	(326)	(13,976)
Proceeds from disposal of property, plant and equipment	178	3,348	1,994
Proceeds from disposal of a listed equity instrument at fair value through profit and loss	—	—	1,238
Proceeds from disposal of unlisted equity instruments at fair value through other comprehensive income	13,800	3,300	187
Interest received	29,061	17,216	115,838
Dividends received from financial assets at fair value through other comprehensive income	—	6,800	15,182
Proceeds from sale of bank wealth management products and structured deposits	577,940	545,825	1,565,141
Purchase of bank wealth management products and structured deposits	(369,345)	(420,604)	(1,888,870)
Purchase of fund products	—	—	(1,770,000)
Purchase of income certificates	—	—	(300,000)
Placement of time deposits	—	—	(630,000)
Payment for acquisition of a subsidiary in prior years	(60,592)	—	—
Investment in unlisted equity instruments at fair value through profit or loss	—	(100,000)	(50,000)
Investment in unlisted equity instruments at fair value through other comprehensive income	—	(30,000)	—
Net cash flows used in investing activities . .	(841,430)	(706,217)	(3,756,410)

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financing activities			
Capital contribution from non-controlling shareholders	1,365	—	22,216
Redemption of convertible bonds	(2,885)	—	—
Proceeds from issue of restricted shares	22,277	—	44,946
Proceeds from borrowings	343,390	89,800	79,000
Proceeds from issue of convertible bonds, net	—	(3,006)	2,784,409
Repayment of borrowings	—	(334,000)	(99,700)
Interest paid	(7,191)	(10,116)	(4,053)
Dividends paid	(139,595)	(147,300)	(211,649)
Principal portion of lease payments	(3,699)	(2,690)	(4,204)
Payment on forfeiture of unvested restricted shares	(11,602)	—	—
Payment on repurchase of shares	—	(63,206)	(14,900)
Placement of restricted bank deposits	(39,987)	(45,000)	—
Net cash flows generated from/(used in) financing activities	162,073	(515,518)	2,596,065
Net decrease in cash and cash equivalents . . .	(1,026)	(164,014)	(293,383)
Cash and cash equivalents at beginning of year (<i>Note 25</i>)	2,163,749	2,169,879	2,005,420
Effect of foreign exchange rate changes, net .	7,156	(445)	(5,389)
Cash and cash equivalents at end of year (<i>Note 25</i>)	2,169,879	2,005,420	1,706,648

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was a limited liability company incorporated in the PRC on June 25, 2004 and changed to a joint stock limited company on June 23, 2015. The Company’s A shares are listed on the Shanghai Stock Exchange on April 27, 2018. The address of the Company’s registered office and its principal place of business is No. 19 Taishan Road, Wuhu Area of China (Anhui) Pilot Free Trade Zone, China.

During the Track Record Period, the Company and its subsidiaries are principally engaged in the research and development, manufacturing and sales of various automotive safety system components, electronic control modules, software and assemblies, as well as technical and management consulting services related to such products.

The Company has a diversified shareholder structure. Among them, as at December 31, 2025, as a natural person shareholder, Yuan Yongbin (袁永彬) holds 18.24% of the Company’s shares and is the largest individual shareholder and ultimate controlling person of the Company.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“**IFRSs**”), International Accounting Standards (“**IAS**”) and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The material accounting policy information that has been used in the preparation of this Historical Financial Information are disclosed in Note 3.2. These accounting policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of the Group during the Track Record Period.

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3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Annual Improvements to IFRSs	Annual Improvements to IFRS Accounting Standards — Volume 11 ¹
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²

¹ Effective for accounting periods beginning on or after January 1, 2026

² Effective for accounting periods beginning on or after January 1, 2027

³ Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all the other new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for accounting periods beginning on or after 1 January 2027, with early application permitted. The application of IFRS 18 has no impact on the Group’s financial positions and has impact on presentation of the consolidated statements of comprehensive income.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group assets are reversed in consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated balance sheets, respectively.

In the Company’s statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Business combinations

Business combinations, other than combinations of businesses under common control, are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

At the acquisition date, the performance compensation is measured at its fair value and included in the cost of the relevant assets on initial recognition. The performance compensation that is classified as an asset or a liability is subsequently re-measured to fair value at each reporting date, with the corresponding gain or loss being recognised in profit or loss.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Foreign currency translation

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from there translation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also

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recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group’s management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Buildings	10–40 years
Machinery and equipment	5–10 years
Transportation equipment	4–5 years
Electronic equipment and others	3–5 years

The land purchased by the Group overseas with permanent property rights is recognized as freehold land and is not depreciated.

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year for the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

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Right-of-use assets

Accounting policies of right-of-use assets (other than prepaid land lease payments) are set out in “Leases” below.

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	3–5 years
Land use rights	50 years

Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

	<u>Amortisation period</u> (years)	<u>Basis of determination</u>	<u>Depreciation method</u>
Non-patented technologies. . .	5–10 years	Expected years of economic benefits	Straight-line method
Software	3–10 years	Expected years of economic benefits	Straight-line method
Patented technologies and trademark rights	3–10 years	Expected years of economic benefits	Straight-line method

The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each year for the Track Record Period.

Intangible assets are tested for impairment as described in “Impairment of non-financial assets” below.

Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group’s ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;

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- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Goodwill

Goodwill is initially recognized at cost being the excess of the aggregate of consideration transferred, the amount recognized for non-controlling interests and the fair value of the Group’s previously held equity interest in the acquiree over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the amount recognized for noncontrolling interests and the fair value of the Group’s previously held equity interest in the acquiree, the excess is recognized in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units (“CGU”) that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, impairment loss is allocated to reduce the carrying amount of goodwill allocated to the unit first, and then to other assets of the unit on the pro-rata basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss and is not reversed in subsequent periods.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss (“FVTPL”), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; or
- Fair value through other comprehensive income (“FVTOCI”).

The classification is determined by both:

- the Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included other income or other gains in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s restricted bank deposits, cash at bank and on hand, trade receivables, and other receivables fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the financial assets comprise solely payments of principal and interest and are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit loss (“ECL”), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

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Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity instruments is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “other comprehensive income reserve” in equity. Such elections are made on an instrument-by-instrument basis but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in “other comprehensive income reserve” will not be reclassified to profit or loss upon disposal of the equity investments and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in “other (losses) and gains, net” in profit or loss.

Impairment of financial assets

IFRS 9’s impairment requirements use forward-looking information to recognise ECL — the “ECL model”. Instruments within the scope included cash at bank and on hand, trade receivables, notes receivables, and other financial assets measured at amortised cost.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

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Cash at bank and on hand, time deposits and restricted bank deposits

Cash at bank and on hand, time deposits and restricted bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash at bank and on hand, time deposits and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

Trade receivables and notes receivables

For trade and notes receivables, the Group applies the simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. To measure the expected credit losses, the Group has established a provision matrix based on the payment profiles of sales and the corresponding historical credit losses experienced within the relevant periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

In applying the simplified approach, except for trade and notes receivables with significant outstanding balances which are assessed individually, the remaining trade and notes receivables have been grouped based on shared credit risk characteristics.

Notes receivables measured at FVTOCI

For notes receivables measured at FVTOCI, the Group assumes that the credit risk on notes receivables measured at FVTOCI has not increased significantly since initial recognition if the notes receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Notes receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Other receivables and other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating,
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;

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- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables, note receivables, other financial assets measured at amortised cost and notes receivables measured at FVTOCI are set out in Note 44.

Financial liabilities

Classification and measurement of financial liabilities

The Group’s financial liabilities include trade, notes and other payables, borrowings, bond payables and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in “Leases” below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date of Track Record Period.

Trade, notes and other payables

Trade, notes and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

The component parts of the convertible bonds are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a

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fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is an equity instrument. Transaction cost that relates to the issue of the convertible bonds are allocated to the financial liability and equity instrument in proportion to their relative fair values.

At the date of issue of the convertible bonds, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the convertible bonds as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity when the conversion option is exercised.

Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of semi-finished goods and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 23.

Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

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Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

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Provisions and contingent liabilities

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each year for the Track Record Period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities assumed in a business combination

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Share capital

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue recognition

Revenue mainly arises from sales of automotive components products;

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

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Revenue is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

For sales to customers in Chinese Mainland, in accordance with the terms of the contract, revenue is recognized either after the products are delivered to the customer’s manufacturing warehouse and confirmed for use, or after the products are delivered to the customer’s designated location and accepted by the customer.

For sales to overseas customers, revenue is recognised at the point in time when control of the products is transferred to the customer in accordance with the mutually agreed international commerce terms specified in the contract.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Impairment of non-financial assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Goodwill;
- Right-of-use assets; and
- The Company’s investments in subsidiaries.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to

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individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group’s obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based employee compensation

The Group operates share-based compensation plans for remuneration of its employees including share award schemes.

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All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the “capital reserve” in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Accounting for income taxes

Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint venture, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred income tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred income tax liability for all taxable temporary differences.

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each year for the Track Record Period.

Changes in deferred income tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred income tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Group presents deferred income tax assets and deferred income tax liabilities in net if, and only if,
 - (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (b) the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

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Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of trade receivables

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions, as well as forward-looking estimates at the end of each year for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 44.

Inventory provision

Inventories are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situation.

Income taxes and deferred income taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgements are required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management’s judgements and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

Provisions

Provision was made for estimated warranty claims in respect of products sold which were still under retention period. The amount of the provision for the warranties is estimated based on the best estimate of the expenditure required to fulfil the relevant current obligation. Any increase or decrease in the provision would affect profit or loss in current and future years.

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5. REVENUE AND SEGMENT INFORMATION

The Group’s principal activities are disclosed in Note 1 to the Historical Financial Information. The Group’s revenue from the transfer of goods at a point in time were analysed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Type of goods sold			
— Mechanical braking products	3,348,526	4,427,473	5,144,981
— Intelligent electronic control products . .	3,276,860	4,507,786	5,826,441
— Mechanical steering products.	480,634	556,507	570,912
— Others	89,831	143,785	169,373
	<u>7,195,851</u>	<u>9,635,551</u>	<u>11,711,707</u>

Note: Others mainly represent spare parts and molds.

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time. The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales of automotive safety system components products such that it does not disclose the information about its remaining performance obligations as the contracts have an original expected duration of one year or less.

The credit period granted to customers is generally within 30-90 days during the Track Record Period. The contracts do not have a significant financing component. The revenue is measured based on consideration specified in the contract with customers, as well as adjusted for any variable consideration (i.e., annual price reduction) based in contract terms and historical patterns.

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “**CODM**”). The Group’s management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group’s result and financial position as a whole, major customers and geographic information are presented.

The following table shows how much of the revenue recognised during the Track Record Periods relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>17,801</u>	<u>6,357</u>	<u>41,696</u>

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Geographical information

The following table sets out the information about the geographical location of the Group’s revenue from external customers based on the geographical location of customers to which the goods are delivered:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from external customers			
— Chinese Mainland	6,321,695	8,519,344	10,261,304
— Other countries/regions	874,156	1,116,207	1,450,403
	<u>7,195,851</u>	<u>9,635,551</u>	<u>11,711,707</u>

The geographical location of the Group’s non-current assets (excluding deferred tax assets and financial assets), mainly comprised of the property, plant and equipment, is based on the physical location of these assets. As at the end of each year for the Track Record Period, the geographical locations of the Group’s non-current assets are as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current assets (excluding deferred tax assets and financial assets)			
— Chinese Mainland	2,344,573	2,535,195	2,703,730
— Other countries/regions	420,125	640,170	999,628
	<u>2,764,698</u>	<u>3,175,365</u>	<u>3,703,358</u>

Information about major customers

Revenue derived from customers individually contributed over 10% of the Group’s revenue during the Track Record Period is as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	2,783,016	4,348,891	N/A ^{(a)(b)}
Customer B	N/A ^(a)	992,425	1,625,249
Customer C	— ^(b)	— ^(b)	4,572,074
	<u>2,783,016</u>	<u>5,341,316</u>	<u>6,197,323</u>

Notes:

- (a) The corresponding revenue for the customer didn’t contribute over 10% of the total revenue of the Group during the year.
- (b) Customer A was the controlling shareholder of Customer C before January 20, 2025. In January 2025, a push-down restructuring was carried out by Customer A. Under the push-down restructuring, the shares of Customer C directly held by Customer A were allocated to the shareholders of Customer A on a pro rata basis. The push-down restructuring was completed on January 20, 2025. Upon completion of the push-down restructuring, Customer A no longer holds any shares in the Customer C, and became the fellow subsidiary company with Customer C. Customer A has no controlling shareholder and there is no single shareholder who can control the composition of a majority of the board of directors or over the decision-making of such board. The revenue from Customer C were included in the revenue from Customer A in 2023 and 2024.
- (c) The Group of entities under common control of a reporting entity is considered as a single customer.

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6. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Rendering of research and development services	163,039	138,106	99,840
Other government grants (<i>Note (a)</i>)	71,606	99,280	83,587
Additional deduction for value added tax (“VAT”) (<i>Note (b)</i>)	4,915	86,607	51,578
Sales of scrap materials	38,105	97,626	111,015
Interest income.	65,477	64,155	50,923
Amortisation of deferred government grants.	19,042	26,308	28,419
Others	13,260	16,360	19,063
	<u>375,444</u>	<u>528,442</u>	<u>444,425</u>

Note:

- (a) During the Track Record Period, government grants have no unfulfilled condition or contingencies.
- (b) Pursuant to the Notice of the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises (Cai Shui [2023] No.43) jointly issued by the Ministry of Finance and the State Taxation Administration, several subsidiaries of the Group as advanced manufacturing enterprises, are allowed to credit the amount of input VAT deductible in the current period plus 5% thereof against the VAT payable from January 1, 2023 to December 31, 2027.

7. OTHER (LOSSES) AND GAINS, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fair value gains on financial assets at FVTPL	1,321	594	36,206
Net losses on disposal of property, plant and equipment and right-of-use assets.	(2,124)	(1,725)	(1,035)
Net gains on disposal of financial assets at FVTPL	2,943	3,902	6,704
Dividends received from financial assets at FVTOCI	—	6,800	15,182
Net losses on disposal of notes receivables measured at FVTOCI.	(12,846)	(15,107)	(17,956)
Net foreign exchange gains/(losses).	4,742	15,698	(15,588)
Net gains/(losses) on indemnity and fines	1,289	34,437	(3,005)
Others	528	(379)	1,057
	<u>(4,147)</u>	<u>44,220</u>	<u>21,565</u>

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8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, general and administrative expenses and selling expenses are analysed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Changes in finished goods and work in progress	19,704	(218,439)	(135,327)
Raw materials consumed for production	4,719,670	6,618,023	7,952,141
Depreciation of property, plant and equipment (Note 13)	208,238	283,087	333,269
Amortisation of intangible assets (Note 15) . .	11,925	12,100	13,648
Depreciation of right-of-use assets (Note 14) .	5,210	5,261	7,200
Employee benefit expenses, excluded			
share-based payment expenses	755,294	1,000,609	1,262,639
Energy and fuel costs	140,998	189,468	214,980
Net impairment losses recognised on			
inventories	4,919	28,691	11,574
Share-based payment expenses (Note 36)	9,328	10,177	9,475
Warranty costs (Note 32).	51,294	64,180	73,655
Logistics fees	64,570	103,543	135,611
Research and development materials			
consumed	49,132	58,929	60,718
Indirect materials consumed for production . .	196,034	234,861	273,055
Research, testing and development fees	72,686	100,241	96,637
Maintenance costs	30,180	39,287	49,062
Travel expenses	17,677	26,278	31,197
Auditor’s remuneration	1,094	1,193	1,330
Others	123,414	159,441	230,919
	<u>6,481,367</u>	<u>8,716,930</u>	<u>10,621,783</u>

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances, discretionary bonuses and benefits in kind.	719,235	956,771	1,204,483
Retirement scheme contributions	36,059	43,838	58,156
Share-based payment expenses (Note 36)	9,328	10,177	9,475
	<u>764,622</u>	<u>1,010,786</u>	<u>1,272,114</u>

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(b) Directors’ and supervisors’ emoluments

Directors’ and supervisors’ emoluments for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Fees	Salaries, allowances, discretionary bonuses and benefits in kind	Retirement scheme contributions	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended December 31, 2023				
Executive directors				
Mr. Yuan Yongbin.	—	1,641	—	1,641
Ms. Ke Ping.	—	1,787	38	1,825
Mr. Yang Weidong	—	1,826	38	1,864
Mr. Cai Chun.	—	1,269	38	1,307
Non-executive directors				
Mr. Li Zhongbing.	120	—	—	120
Mr. Wang Yuan.	120	—	—	120
Independent non-executive directors				
Mr. Hou Fushen (i).	110	—	—	110
Mr. Zheng Jihu (ii).	10	—	—	10
Mr. Jiang Qi.	120	—	—	120
Ms. Ma Lijun.	120	—	—	120
Supervisors				
Mr. Zhang Hao (xvi).	—	—	—	—
Mr. Yuan Dongxing	—	627	10	637
Mr. Yang Jing.	—	270	9	279
	<u>600</u>	<u>7,420</u>	<u>133</u>	<u>8,153</u>

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	Fees	Salaries, allowances, discretionary bonuses and benefits in kind	Retirement scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended December 31, 2024				
Executive directors				
Mr. Yuan Yongbin.	—	1,748	—	1,748
Ms. Ke Ping (iii)	—	1,310	29	1,339
Mr. Yang Weidong (iv)	—	1,334	29	1,363
Mr. Cai Chun (v)	—	994	29	1,023
Mr. Chen Zhongxi (vi)	—	311	11	322
Mr. Yuan Lawrence Pan (vii).	—	323	21	344
Non-executive directors				
Mr. Li Zhongbing.	150	—	—	150
Mr. Wang Yuan (viii)	113	—	—	113
Mr. Yang Simon Xiaoming (ix)	38	—	—	38
Mr. Liu Leon (x)	38	—	—	38
Independent non-executive directors				
Mr. Zheng Jihu (ii).	80	—	—	80
Mr. Jiang Qi.	150	—	—	150
Ms. Ma Lijun.	150	—	—	150
Mr. Li Kaiguo (xi)	38	—	—	38
Supervisors				
Mr. Zhang Hao (xvi).	—	—	—	—
Mr. Wang Tao (xii).	—	41	2	43
Ms. Chen Yan (xiii)	—	45	2	47
Mr. Yuan Dongxing (xiv)	—	375	7	382
Mr. Yang Jing (xv)	—	240	6	246
	<u>757</u>	<u>6,721</u>	<u>136</u>	<u>7,614</u>

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	Fees	Salaries, allowances, discretionary bonuses and benefits in kind	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2025				
Executive directors				
Mr. Yuan Yongbin	—	1,838	—	1,838
Mr. Chen Zhongxi	—	1,313	40	1,353
Mr. Yuan Lawrence Pan	—	1,196	74	1,270
Non-executive directors				
Mr. Li Zhongbing (xvii)	88	—	—	88
Mr. Yang Simon Xiaoming	150	—	—	150
Mr. Liu Leon	150	—	—	150
Mr. Fu Pengjiu (xviii)	—	—	—	—
Independent non-executive directors				
Mr. Jiang Qi	150	—	—	150
Ms. Ma Lijun	150	—	—	150
Mr. Li Kaiguo	150	—	—	150
Supervisors				
Mr. Zhang Hao (xvi)	—	—	—	—
Mr. Wang Tao (xii)	—	157	8	165
Ms. Chen Yan (xiii)	—	194	8	202
	<u>838</u>	<u>4,698</u>	<u>130</u>	<u>5,666</u>

Notes:

- (i) Mr. Hou Fushen no longer serves as an independent non-executive director since December 5, 2023.
- (ii) Mr. Zheng Jihu was appointed as an independent non-executive director of the Company on December 6, 2023, and no longer serves as an independent non-executive director since August 10, 2024.
- (iii) Ms. Ke Ping no longer serves as an executive director of the Company since September 19, 2024, due to the expiration of her term of office.
- (iv) Mr. Yang Weidong no longer serves as an executive director of the Company since September 19, 2024, due to the change of board elections, but still holds a key management position.
- (v) Mr. Cai Chun no longer serves as an executive director of the Company since September 19, 2024, due to the change of board elections, but still holds a key management position.
- (vi) Mr. Chen Zhongxi was appointed as an executive director of the Company on September 19, 2024.
- (vii) Mr. Yuan Lawrence Pan was appointed as an executive director of the Company on September 19, 2024.
- (viii) Mr. Wang Yuan no longer serves as a non-executive director of the Company since September 19, 2024, due to the expiration of his term of office.
- (ix) Mr. Yang Simon Xiaoming was appointed as a non-executive director of the Company on September 19, 2024.
- (x) Mr. Liu Leon was appointed as a non-executive director of the Company on September 19, 2024.
- (xi) Mr. Li Kaiguo was appointed as an independent non-executive director of the Company on September 19, 2024.
- (xii) Mr. Wang Tao was appointed as a supervisor of the Company on September 19, 2024. He no longer serves as a supervisor since December 29, 2025, due to the dissolution of the supervisory committee following the Company’s organizational structure adjustment.
- (xiii) Ms. Chen Yan was appointed as a supervisor of the Company on September 19, 2024. She no longer serves as a supervisor since December 29, 2025, due to the dissolution of the supervisory committee following the Company’s organizational structure adjustment.

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- (xiv) Mr. Yuan Dongxing no longer serves as a supervisor of the Company since September 19, 2024, due to the expiration of his term of office.
- (xv) Mr. Yang Jing no longer serves as a supervisor since September 19, 2024, due to the expiration of his term of office.
- (xvi) Mr. Zhang Hao is dispatched by one of the shareholders of the Company (Wuhu Chery Technology Co., Ltd.) and did not receive any remuneration from the Company in relation to his services rendered for the Company. His remunerations were borne by Wuhu Chery Technology Co., Ltd. The management of the Company considers there is no reasonable basis for allocation of his remunerations between the Company and Wuhu Chery Technology Co., Ltd. He no longer serves as a supervisor since December 29, 2025, due to the dissolution of the supervisory committee following the Company’s organizational structure adjustment.
- (xvii) Mr. Li Zhongbing no longer serves as a non-executive director since July 25, 2025.
- (xviii) Mr. Fu Pengjiu was appointed as a non-executive director of the Company on December 29, 2025. He is dispatched by one of the shareholders of the Company (Wuhu Chery Technology Co., Ltd.) and did not receive any remuneration from the Company in relation to his services rendered for the Company. His remunerations were borne by Wuhu Chery Technology Co., Ltd. The management of the Company considers there is no reasonable basis for allocation of his remunerations between the Company and Wuhu Chery Technology Co., Ltd.
- (xix) Fees, salaries, allowances and benefits in kind paid to or for the executive directors, non-executive directors and independent non-executive directors of the Company and supervisors are generally emoluments paid or receivable in respect of services in connection with the management of the affairs of the Company and its subsidiaries.
- (xx) There was no arrangement under which executive directors, non-executive directors, independent non-executive directors and supervisors waived or agreed to waive any remuneration during the Track Record Period. No emolument was paid by the Group to the executive directors, non-executive directors and independent non-executive directors of the Company and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the Track Record Period.

(c) Five Highest Paid Individuals

During the years ended December 31, 2023, 2024 and 2025, the five highest paid individuals included 4, 5 and 3 directors, and supervisors, respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining 1, nil, and 2 individuals during the years ended December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances, discretionary bonuses and benefits in kind.	2,857	—	2,554
Retirement scheme contributions	20	—	68
	<u>2,877</u>	<u>—</u>	<u>2,622</u>

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group. The emoluments of the remaining highest paid individual fell within the following bands:

	Year ended December 31,		
	2023	2024	2025
HK\$500,001–HK\$1,000,000	—	—	1
HK\$1,500,001–HK\$2,000,000	—	—	1
HK\$3,000,001–HK\$3,500,000	1	—	—
	<u>1</u>	<u>—</u>	<u>2</u>

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10. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest expense on borrowings	3,478	9,990	4,223
Interest expense on bonds payable (<i>Note 30</i>) .	26,323	—	31,048
Interest expense on lease liabilities (<i>Note 14</i>). .	260	160	434
	<u>30,061</u>	<u>10,150</u>	<u>35,705</u>

11. INCOME TAX EXPENSE

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	127,411	170,409	198,255
Deferred income tax (<i>Note 26</i>)	(21,152)	2,922	10,192
Income tax expense	<u>106,259</u>	<u>173,331</u>	<u>208,447</u>

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

Reconciliation between the income tax expense and profit before income tax in the consolidated statements of comprehensive income is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before income tax	1,016,958	1,395,328	1,529,124
Tax at the PRC statutory tax rate of 25% . . .	254,240	348,832	382,281
Tax effect of			
— preferential or different tax rates of the Company and its subsidiaries	(108,535)	(172,264)	(161,816)
— non-deductible expenses	4,095	2,880	3,103
— unrecognized tax losses and temporary differences.	20,059	67,739	56,832
— adjustments in respect of current tax of previous years	(1,350)	4,625	13,094
— super deduction for research and development expense	(62,250)	(78,481)	(85,047)
Income tax expense	<u>106,259</u>	<u>173,331</u>	<u>208,447</u>

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(a) PRC Enterprise Income Tax (“EIT”)

Under the PRC Enterprise Income Tax Law and the respective regulations, the EIT for the Company and its subsidiaries are calculated at a statutory rate of 25%, on their estimated taxable profits for the respective year based on the existing legislations, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, the Company and certain subsidiaries of the Group, were qualified as “High and New Technology Enterprises (HNTE)” and are therefore entitled to a preferential tax rate of 15% for a valid period of 3 years.

Pursuant to Caishui [2011] No. 58 “the provisions of the Notice of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Relevant Tax Policies for Further Implementing the Strategy of Developing the Western Region” (財政部、海關總署、國家稅務總局關於進一步實施西部大開發戰略有關稅收政策的通知) and the Catalogue of Encouraged Industries in the Western Region (2020 Edition), certain subsidiary enjoys a preferential tax rate of 15%.

(b) Corporate income tax in other jurisdictions

Taxation for other overseas subsidiary is charged at the appropriate current rates of taxation ruling in the relevant countries.

(c) Organization for Economic Cooperation and Development Pillar Two Model Rules

Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules” were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (“OECD”).

The Group is within the scope of Global Minimum Tax (“GMT”) under the OECD Pillar Two model rules (“Pillar Two”). Subject to tax legislation enacting Pillar Two being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Group are located in jurisdictions, mainly including Singapore where Pillar Two legislation was effective since January 1, 2025, and the Group’s assessment indicates that there is no material related current tax exposure in these jurisdictions during the year ended December 31, 2025.

12. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

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The following table illustrates the earnings and shares information used in the calculation of basic EPS:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to owners of the Company used in calculating basic EPS (<i>RMB’000</i>) . .	891,498	1,208,851	1,309,438
Less: Dividends attributable to owners of the restricted shares (<i>RMB’000</i>)	(1,324)	(1,040)	(1,706)
	890,174	1,207,811	1,307,732
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	854,120	892,023	892,169
Basic EPS (<i>RMB per share</i>)	1.04	1.35	1.47

Note: The weighted average number of ordinary shares in issue used to determine the basic EPS for the Track Record Period were determined by assuming that the capital reserve converted into share capital occurred in April 2024 and May 2026 had been applied retrospectively, with effective from January 1, 2023. Relevant share conversion details are disclosed in Note 33(b) and Note 46.

(b) Diluted EPS

For the year ended December 31, 2023, 2024 and 2025, the share schemes granted by the Company and the issuance of convertible bonds have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes and convertible bonds (collectively forming the denominator for computing the diluted EPS).

The following table illustrates the earnings and shares information used in the calculation of diluted EPS:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to owners of the Company used in calculating basic EPS (<i>RMB’000</i>) . .	891,498	1,208,851	1,309,438
Adjustment attributable to interest on potential convertible bonds, net of tax (<i>RMB’000</i>)	—	—	26,391
Profit attributable to owners of the Company used in calculating diluted EPS (<i>RMB’000</i>) .	891,498	1,208,851	1,335,829
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	854,120	892,023	892,169
Adjustments for potential shares arising from share schemes (<i>thousand shares</i>)	1,630	777	612
Adjustments for potential shares arising from convertible bonds (<i>thousand shares</i>)	—	—	26,726
Weighted average number of ordinary shares used in calculating diluted EPS (<i>thousand shares</i>)	855,750	892,800	919,507
Diluted EPS (<i>RMB per share</i>)	1.04	1.35	1.45

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13. PROPERTY, PLANT AND EQUIPMENT THE GROUP

	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Freehold land	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Note(a)</i>							
As at January 1, 2023							
Cost	475,040	1,662,267	18,193	146,065	35,833	303,060	2,640,458
Accumulated depreciation	(140,142)	(676,906)	(10,125)	(94,976)	—	—	(922,149)
Net carrying amount.	334,898	985,361	8,068	51,089	35,833	303,060	1,718,309
Year ended December 31, 2023							
Opening net carrying amount	334,898	985,361	8,068	51,089	35,833	303,060	1,718,309
Additions	14,050	210,298	6,836	39,500	33,857	783,773	1,088,314
Disposals	(284)	(614)	(597)	(1,166)	—	—	(2,661)
Depreciation (<i>Note (b)</i>)	(25,171)	(164,034)	(2,243)	(16,790)	—	—	(208,238)
Transfers	192,794	461,524	—	12,870	—	(666,791)	397
Exchange realignment	843	12	6	3	608	746	2,218
Closing net carrying amount.	517,130	1,492,547	12,070	85,506	70,298	420,788	2,598,339
As at December 31, 2023							
Cost	683,199	2,327,686	22,534	196,049	70,298	420,788	3,720,554
Accumulated depreciation	(166,069)	(835,139)	(10,464)	(110,543)	—	—	(1,122,215)
Net carrying amount.	517,130	1,492,547	12,070	85,506	70,298	420,788	2,598,339
Year ended December 31, 2024							
Opening net carrying amount	517,130	1,492,547	12,070	85,506	70,298	420,788	2,598,339
Additions	19,538	127,829	5,027	16,562	—	606,370	775,326
Disposals	(291)	(4,023)	(155)	(604)	—	—	(5,073)
Depreciation (<i>Note (b)</i>)	(38,002)	(222,692)	(2,631)	(19,762)	—	—	(283,087)
Transfers	84,764	476,218	—	11,599	—	(569,028)	3,553
Exchange realignment	(8,221)	(35,641)	(400)	(1,168)	(12,572)	(10,682)	(68,684)
Closing net carrying amount.	574,918	1,834,238	13,911	92,133	57,726	447,448	3,020,374
As at December 31, 2024							
Cost	780,361	2,876,720	26,434	215,797	57,726	447,448	4,404,486
Accumulated depreciation	(205,443)	(1,042,482)	(12,523)	(123,664)	—	—	(1,384,112)
Net carrying amount.	574,918	1,834,238	13,911	92,133	57,726	447,448	3,020,374
Year ended December 31, 2025							
Opening net carrying amount	574,918	1,834,238	13,911	92,133	57,726	447,448	3,020,374
Additions	5,462	49,921	6,531	30,622	32,021	651,830	776,387
Disposals	(43)	(2,296)	(287)	(403)	—	—	(3,029)
Depreciation (<i>Note (b)</i>)	(41,958)	(264,528)	(3,002)	(23,781)	—	—	(333,269)
Transfers	132,086	590,006	—	3,193	—	(729,617)	(4,332)
Exchange realignment	6,075	28,435	308	682	6,619	31,242	73,361
Closing net carrying amount.	676,540	2,235,776	17,461	102,446	96,366	400,903	3,529,492

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	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Freehold land	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>Note(a)</i>						
As at December 31, 2025							
Cost	924,415	3,536,698	32,805	246,831	96,366	400,903	5,238,018
Accumulated depreciation	(247,875)	(1,300,922)	(15,344)	(144,385)	—	—	(1,708,526)
Net carrying amount.	676,540	2,235,776	17,461	102,446	96,366	400,903	3,529,492

Notes:

- (a) The Group’s buildings located in the PRC with the carrying amounts of the buildings amounting to approximately RMB27,725,000, RMB26,322,000 and RMB68,861,000 as at December 31, 2023, 2024 and 2025, respectively, are in the process of obtaining the ownership certificates. The directors of the Company are of the opinion, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group’s statements of financial positions as at December 31, 2023, 2024 and 2025. As of the date of this report, aforesaid ownership certificates are still being processed.
- (b) Depreciation of the Group’s property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of sales	171,460	235,675	283,140
General and administrative expenses.	20,925	24,153	28,345
Selling expenses	45	83	60
Research and development expenses	15,808	23,176	21,724
	208,238	283,087	333,269

- (c) There is no property, plant and equipment of the Group pledged at the end of each year for the Track Record Period.

The Company

	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>Note(a)</i>					
As at January 1, 2023						
Cost	94,307	423,372	6,243	62,947	50,523	637,392
Accumulated depreciation	(42,036)	(180,573)	(3,689)	(28,780)	—	(255,078)
Net carrying amount	52,271	242,799	2,554	34,167	50,523	382,314
Year ended December 31, 2023						
Opening net carrying amount	52,271	242,799	2,554	34,167	50,523	382,314
Additions	920	1,985	1,965	5,087	78,416	88,373
Disposals	(284)	(38,289)	(375)	(8,735)	—	(47,683)
Depreciation.	(5,039)	(38,158)	(898)	(8,939)	—	(53,034)
Transfers.	1,940	59,019	—	12,380	(73,790)	(451)
Closing net carrying amount	49,808	227,356	3,246	33,960	55,149	369,519

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	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>Note(a)</i>					
As at December 31, 2023						
Cost	96,435	433,682	7,677	70,842	55,149	663,785
Accumulated depreciation	(46,627)	(206,326)	(4,431)	(36,882)	—	(294,266)
Net carrying amount	49,808	227,356	3,246	33,960	55,149	369,519
Year ended December 31, 2024						
Opening net carrying amount	49,808	227,356	3,246	33,960	55,149	369,519
Additions	503	591	2,926	4,691	69,080	77,791
Disposals	(57)	(865)	(15)	(356)	—	(1,293)
Depreciation.	(5,282)	(41,477)	(989)	(10,801)	—	(58,549)
Transfers.	8,525	67,524	—	9,666	(85,715)	—
Closing net carrying amount	53,497	253,129	5,168	37,160	38,514	387,468
As at December 31, 2024						
Cost	105,082	498,638	10,287	81,262	38,514	733,783
Accumulated depreciation	(51,585)	(245,509)	(5,119)	(44,102)	—	(346,315)
Net carrying amount	53,497	253,129	5,168	37,160	38,514	387,468
Year ended December 31, 2025						
Opening net carrying amount	53,497	253,129	5,168	37,160	38,514	387,468
Additions	76	2,469	3,177	16,811	108,182	130,715
Disposals	(10)	(1,003)	(276)	(296)	—	(1,585)
Depreciation.	(4,588)	(42,939)	(1,443)	(12,189)	—	(61,159)
Transfers.	—	49,583	—	—	(51,509)	(1,926)
Closing net carrying amount	48,975	261,239	6,626	41,486	95,187	453,513
As at December 31, 2025						
Cost	104,943	545,276	13,160	96,211	95,187	854,777
Accumulated depreciation	(55,968)	(284,037)	(6,534)	(54,725)	—	(401,264)
Net carrying amount	48,975	261,239	6,626	41,486	95,187	453,513

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ACCOUNTANTS’ REPORT OF THE GROUP

14. LEASES

The Group as a lessee

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Buildings	Land use rights	Total
	RMB'000	RMB'000	RMB'000
	Note(a)	Note(b)(c)	
As at January 1, 2023	6,689	101,790	108,479
Additions	576	28,038	28,614
Depreciation (Note (d))	(2,349)	(2,861)	(5,210)
Lease modification and termination	(247)	—	(247)
Transfer from investment properties	—	792	792
As at December 31, 2023	4,669	127,759	132,428
As at January 1, 2024	4,669	127,759	132,428
Additions	2,708	326	3,034
Depreciation (Note (d))	(2,229)	(3,032)	(5,261)
Transfer from investment properties	—	1,138	1,138
As at December 31, 2024	5,148	126,191	131,339
As at January 1, 2025	5,148	126,191	131,339
Additions	15,354	13,976	29,330
Depreciation (Note (d))	(3,897)	(3,303)	(7,200)
Lease modification and termination	(1,337)	—	(1,337)
As at December 31, 2025	15,268	136,864	152,132

Notes:

- The Group has obtained the right to use buildings in its operations through tenancy agreements. The leases typically run for an initial period of 3 to 5 years.
- Land in respect of land use rights are all located in the PRC with a lease period of 50 years. Lump sum payments were made upfront to acquire these property interests from the relevant government authorities.
- The Group’s land use rights located in the PRC with the carrying amounts of the land used rights amounting to approximately RMB10,862,000 and RMB10,964,000 as at December 31, 2023 and 2024, respectively, are in the process of obtaining the ownership certificates. The directors of the Company are of the opinion, the Group is entitled to lawfully and validly occupy and use the land used rights, and therefore the aforesaid matter did not have any significant impact on the Group’s statements of financial positions as at December 31, 2023 and 2024. All of the Group’s land use rights located in the PRC had obtained the ownership certificates as at December 31, 2025.
- Depreciation of the Group’s right-of-use assets has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of sales	2,349	2,229	3,897
General and administrative expenses	2,861	3,032	3,303
	5,210	5,261	7,200

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(b) Lease liabilities

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total minimum lease payments	5,041	5,339	16,377
Future interest expense on lease liabilities . . .	(211)	(286)	(1,385)
	<u>4,830</u>	<u>5,053</u>	<u>14,992</u>
Current	2,452	3,144	3,516
Non-current	2,378	1,909	11,476
	<u>4,830</u>	<u>5,053</u>	<u>14,992</u>

The maturity analysis of lease liabilities is disclosed in Note 44 to the Historical Financial Information.

(c) The amounts recognised in the consolidated statements of comprehensive income in relation to leases are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest expenses (Note 10)	260	160	434
Depreciation of right-of-use assets	5,210	5,261	7,200
Expense relating to short-term leases and leases of low-value assets	14,297	24,704	38,711
	<u>19,767</u>	<u>30,125</u>	<u>46,345</u>

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The Company

(a) *Right-of-use assets*

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Buildings	Land use rights	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at January 1, 2023	896	15,855	16,751
Additions	576	—	576
Depreciation	(566)	(420)	(986)
Lease modification and termination	(247)	—	(247)
As at December 31, 2023	<u>659</u>	<u>15,435</u>	<u>16,094</u>
As at January 1, 2024	659	15,435	16,094
Additions	2,708	—	2,708
Depreciation	(447)	(422)	(869)
As at December 31, 2024	<u>2,920</u>	<u>15,013</u>	<u>17,933</u>
As at January 1, 2025	2,920	15,013	17,933
Additions	9,749	—	9,749
Depreciation	(2,445)	(419)	(2,864)
As at December 31, 2025	<u>10,224</u>	<u>14,594</u>	<u>24,818</u>

(b) *Lease liabilities*

	As at December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total minimum lease payments	685	3,127	10,911
Future interest expense on lease liabilities . . .	(10)	(234)	(1,006)
	<u>675</u>	<u>2,893</u>	<u>9,905</u>
Current	456	984	2,454
Non-current	219	1,909	7,451
	<u>675</u>	<u>2,893</u>	<u>9,905</u>

The Group as a lessor

The Group leases its buildings and land use rights under operating lease arrangements. Gross rental income recognised by the Group for the years ended December 31, 2023, 2024 and 2025 were RMB1,933,000, RMB1,530,000, and RMB1,341,000, respectively.

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As at December 31, 2023, 2024 and 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total lease payments receivables:			
— Within 1 year	1,867	1,437	679
— Over 1 year but within 2 years	1,844	669	10
— Over 2 years but within 3 years.	889	—	10
	<u>4,600</u>	<u>2,106</u>	<u>699</u>

15. INTANGIBLE ASSETS

The Group

	Patented technologies and trademark rights	Software	Non-patented technologies	Goodwill	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at January 1, 2023					
Cost	21,416	36,462	4,581	1,821	64,280
Accumulated amortisation	(3,486)	(20,036)	(4,581)	—	(28,103)
Net carrying amount	<u>17,930</u>	<u>16,426</u>	<u>—</u>	<u>1,821</u>	<u>36,177</u>
Year ended December 31, 2023					
Opening net carrying amount	17,930	16,426	—	1,821	36,177
Additions	—	4,292	—	—	4,292
Amortisation (<i>Note (a)</i>)	(5,976)	(5,949)	—	—	(11,925)
Transfers.	—	451	—	—	451
Closing net carrying amount.	<u>11,954</u>	<u>15,220</u>	<u>—</u>	<u>1,821</u>	<u>28,995</u>
As at December 31, 2023					
Cost	21,416	41,205	4,581	1,821	69,023
Accumulated amortisation	(9,462)	(25,985)	(4,581)	—	(40,028)
Net carrying amount	<u>11,954</u>	<u>15,220</u>	<u>—</u>	<u>1,821</u>	<u>28,995</u>
Year ended December 31, 2024					
Opening net carrying amount	11,954	15,220	—	1,821	28,995
Additions	—	6,776	—	—	6,776
Disposals	—	(11)	—	—	(11)
Amortisation (<i>Note (a)</i>)	(5,976)	(6,124)	—	—	(12,100)
Exchange realignment	—	(8)	—	—	(8)
Closing net carrying amount.	<u>5,978</u>	<u>15,853</u>	<u>—</u>	<u>1,821</u>	<u>23,652</u>

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	Patented technologies and trademark rights	Software	Non-patented technologies	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024					
Cost	21,416	47,905	4,581	1,821	75,723
Accumulated amortisation	(15,438)	(32,052)	(4,581)	—	(52,071)
Net carrying amount	<u>5,978</u>	<u>15,853</u>	<u>—</u>	<u>1,821</u>	<u>23,652</u>
Year ended December 31, 2025					
Opening net carrying amount	5,978	15,853	—	1,821	23,652
Additions	—	7,388	—	—	7,388
Amortisation (<i>Note (a)</i>)	(5,975)	(7,673)	—	—	(13,648)
Transfers	—	4,332	—	—	4,332
Exchange realignment	—	10	—	—	10
Closing net carrying amount	<u>3</u>	<u>19,910</u>	<u>—</u>	<u>1,821</u>	<u>21,734</u>
As at December 31, 2025					
Cost	21,416	59,633	4,581	1,821	87,451
Accumulated amortisation	(21,413)	(39,723)	(4,581)	—	(65,717)
Net carrying amount	<u>3</u>	<u>19,910</u>	<u>—</u>	<u>1,821</u>	<u>21,734</u>

Notes:

(a) Amortisation of the Group’s intangible assets has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of sales	6,475	6,866	8,154
General and administrative expenses	1,648	1,322	1,573
Research and development expenses	3,802	3,912	3,921
	<u>11,925</u>	<u>12,100</u>	<u>13,648</u>

(b) There is no intangible assets of the Group pledged at the end of each year for the Track Record Period.

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The Company

	Software	Non-patented technologies	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023			
Cost.	25,792	1,043	26,835
Accumulated amortisation	(12,599)	(1,043)	(13,642)
Net carrying amount	13,193	—	13,193
Year ended December 31, 2023			
Opening net carrying amount	13,193	—	13,193
Additions	2,634	—	2,634
Disposals	(4,920)	—	(4,920)
Amortisation	(3,242)	—	(3,242)
Transfers	451	—	451
Closing net carrying amount	8,116	—	8,116
As at December 31, 2023			
Cost.	20,838	1,043	21,881
Accumulated amortisation	(12,722)	(1,043)	(13,765)
Net carrying amount	8,116	—	8,116
Year ended December 31, 2024			
Opening net carrying amount	8,116	—	8,116
Additions	4,017	—	4,017
Disposals	(11)	—	(11)
Amortisation	(2,817)	—	(2,817)
Closing net carrying amount	9,305	—	9,305
As at December 31, 2024			
Cost.	24,784	1,043	25,827
Accumulated amortisation	(15,479)	(1,043)	(16,522)
Net carrying amount	9,305	—	9,305
Year ended December 31, 2025			
Opening net carrying amount	9,305	—	9,305
Additions	4,584	—	4,584
Amortisation	(4,141)	—	(4,141)
Transfers	1,926	—	1,926
Closing net carrying amount	11,674	—	11,674
As at December 31, 2025			
Cost.	31,294	1,043	32,337
Accumulated amortisation	(19,620)	(1,043)	(20,663)
Net carrying amount	11,674	—	11,674

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16. INVESTMENT PROPERTIES

The Group

	Buildings	Land use rights	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023			
Cost.	8,063	2,705	10,768
Accumulated depreciation	(3,161)	(712)	(3,873)
Net carrying amount	<u>4,902</u>	<u>1,993</u>	<u>6,895</u>
Year ended December 31, 2023			
Opening net carrying amount	4,902	1,993	6,895
Depreciation.	(282)	(37)	(319)
Transfer to property, plant and equipment and right-of-use assets	(848)	(792)	(1,640)
Closing net carrying amount	<u>3,772</u>	<u>1,164</u>	<u>4,936</u>
As at December 31, 2023			
Cost.	6,039	1,587	7,626
Accumulated depreciation	(2,267)	(423)	(2,690)
Net carrying amount	<u>3,772</u>	<u>1,164</u>	<u>4,936</u>
Year ended December 31, 2024			
Opening net carrying amount	3,772	1,164	4,936
Depreciation.	(219)	(26)	(245)
Transfer to property, plant and equipment and right-of-use assets	(3,553)	(1,138)	(4,691)
Closing net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>
As at December 31, 2024 and December 31, 2025			
Cost.	—	—	—
Accumulated depreciation	—	—	—
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>

As at December 31, 2023, the fair value of the investment properties was not materially different from the carrying amount.

17. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Final dividends.	<u>139,595</u>	<u>147,300</u>	<u>211,649</u>

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The final dividends of RMB3.39 per 10 shares (tax inclusive) totaling approximately RMB139,595,000 in respect of the year ended December 31, 2022 were approved in 2022 Annual General Meeting of the Company on April 11, 2023. The final dividends were paid on June 5, 2023.

The final dividends of RMB3.40 per 10 shares (tax inclusive) totaling approximately RMB147,300,000 in respect of the year ended December 31, 2023 were approved in 2023 Annual General Meeting of the Company on April 17, 2024. The final dividends were paid on May 20, 2024.

The final dividends of RMB0.35 per share (tax inclusive) totaling approximately RMB211,649,000 in respect of the year ended December 31, 2024 were approved in 2024 Annual General Meeting of the Company on May 13, 2025. The final dividends were paid on June 17, 2025.

The final dividends of RMB0.38 per share (tax inclusive) totaling approximately RMB230,475,000 in respect of the year ended December 31, 2025 were approved in 2025 Annual General Meeting of the Company on April 20, 2026. The Group had not recognised this as a liability as at December 31, 2025.

18. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
— Unlisted equity instruments			
Chongqing Changan Kaicheng			
Automotive Tech. Co., Ltd. (<i>Note (a)</i>) .	—	100,000	115,993
Shanghai Volant Aviation Technology			
Co., Ltd. (<i>Note (b)</i>)	—	—	50,000
	—	100,000	165,993
	<u>213,744</u>	<u>92,841</u>	<u>420,838</u>
Current:			
— Bank wealth management products			
(WMPs) and structured deposits			
(<i>Note(c)</i>).	213,744	92,841	420,838
— Listed equity instruments			
Zotye Automobile Co., Ltd. (<i>Note (d)</i>) . .	899	721	—
— Fund products (<i>Note(c)</i>)	—	—	1,789,301
— Income certificates (<i>Note(c)</i>).	—	—	301,994
	<u>214,643</u>	<u>93,562</u>	<u>2,512,133</u>

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
— Unlisted equity instruments			
Chongqing Changan Kaicheng			
Automotive Tech. Co., Ltd. (<i>Note (a)</i>) . .	—	100,000	115,993
	—	100,000	115,993
Current:			
— Bank WMPs and structured deposits			
(<i>Note(c)</i>).	29,894	—	270,656
— Listed equity instruments			
Zotye Automobile Co., Ltd. (<i>Note (d)</i>) . .	899	721	—
— Fund products (<i>Note(c)</i>)	—	—	1,789,301
— Income certificates (<i>Note(c)</i>).	—	—	301,994
	30,793	721	2,361,951

Notes:

- (a) The unlisted equity instruments are investment in Chongqing Changan Kaicheng Automotive Tech. Co., Ltd. (重慶長安凱程汽車科技有限公司) (“**Changan Kaicheng**”), a company incorporated in the PRC and engaged in production and sales of new energy commercial vehicle parts. As at December 31, 2025, the Group owns 1.4308% equity interests of Changan Kaicheng and classified its investment in Changan Kaicheng at FVTPL. No dividends were received on this investment during the Track Record Periods.
- (b) The unlisted equity securities are investment in Shanghai Volant Aviation Technology Co., Ltd. (上海沃蘭特航空技術有限責任公司) (“**Shanghai Volant**”), a company incorporated in the PRC and engaged in aviation technology related businesses. As at December 31, 2025, the Group owns 1.2195% equity interests of Shanghai Volant and classified its investment in Shanghai Volant at FVTPL, as it is held for transaction. No dividends were received on this investment during the Track Record Periods.
- (c) The bank WMPs, structured deposits, fund products, and income certificates are mainly managed by licensed financial institutions in the PRC to invest principally in certain financial assets. They are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.
- As at December 31, 2023, 2024 and 2025, bank WMPs and structured deposits of the Group amounting to RMB90,060,000, nil and nil were pledged to secure notes payable of the Group.
- (d) The listed equity instruments held by the Group are investments in Zotye Automobile Co., Ltd. (眾泰汽車股份有限公司) (“**Zotye Automobile**”), a company established in the PRC and engaged in manufacturing electronic equipments. The Group classified the investment at FVTPL, as it is held for trading. The effective number of shares held by the Group is 301,571 shares. As at 31 December 2023 and 2024, the share price per share of Zotye Automobile held by the Group was RMB2.98 and RMB2.39, respectively.

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ACCOUNTANTS’ REPORT OF THE GROUP

19. FINANCIAL ASSETS AT FVTOCI

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
— Unlisted equity instruments	60,231	72,633	84,137
Current:			
— Notes receivables measured at FVTOCI			
(Note (a))	1,300,431	1,098,797	2,108,214

Note:

- (a) The balance represents notes receivables held by the Group which are issued or guaranteed by reputable PRC banks with high credit ratings. The notes receivables had a maturity of within six months at the end of each year for the Track Record Period. The notes receivables are measured at FVTOCI since the notes are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. The Group believes that the notes receivables do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair value of the notes receivables are minimal due to its short-term nature.

In addition, the Group has discounted certain notes receivables to banks and endorsed certain notes receivables to its suppliers to settle its payables. The directors of the Company consider the probabilities on default of the discounted or endorsed notes receivables are limited and the Group has derecognised the full carrying amount of these notes receivables and the associated trade and other payables when the notes receivables are endorsed or discounted. The maximum exposure to the Group that may result from the default of these endorsed and discounted notes receivables as at December 31, 2023, 2024 and 2025 are approximately RMB922,586,000, RMB1,558,496,000 and RMB2,887,001,000, respectively.

As at December 31, 2023, 2024 and 2025, certain notes receivables measured at FVTOCI of the Group amounting to RMB211,046,000, RMB49,000,000 and RMB42,129,000, respectively, were pledged for notes payables of the Group.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
— Unlisted equity instruments	60,231	72,633	84,137
Current:			
— Notes receivables measured at FVTOCI			
(Note (a))	1,024,993	928,525	1,877,515

Note:

- (a) The maximum exposure to the Company that may result from the default of these endorsed and discounted notes receivables as at December 31, 2023, 2024 and 2025 are approximately RMB266,316,000, RMB917,313,000 and RMB891,291,000, respectively.

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ACCOUNTANTS’ REPORT OF THE GROUP

20. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	678,377	862,148	1,129,488
Consigned processing materials	7,547	11,509	1,210
Work in progress	79,339	149,123	225,463
Finished goods	303,102	446,379	479,969
Consumables	15,181	20,592	27,249
	1,083,546	1,489,751	1,863,379
Less: provision for impairment (<i>Note</i>)	(46,469)	(69,782)	(55,959)
	1,037,077	1,419,969	1,807,420

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	123,355	179,948	212,838
Consigned processing materials	7,022	10,790	722
Work in progress	64,443	124,955	160,060
Finished goods	81,576	147,847	122,138
Consumables	5,238	4,831	5,969
	281,634	468,371	501,727
Less: provision for impairment (<i>Note</i>)	(16,042)	(23,305)	(20,174)
	265,592	445,066	481,553

Note: Inventories are stated at the lower of cost and net realisable value at the end of each reporting period. The net realisable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. Management of the Group and the Company make the best estimate on the net realisable value and the corresponding impairment of inventory, while the impairment assessment may still be significantly changed due to the change of market conditions.

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ACCOUNTANTS’ REPORT OF THE GROUP

21. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	2,627,843	3,896,457	4,030,026
Notes receivables	313,201	615,493	246,855
	2,941,044	4,511,950	4,276,881
Less: allowance for impairment	(294,918)	(376,253)	(368,280)
	<u>2,646,126</u>	<u>4,135,697</u>	<u>3,908,601</u>

The credit period granted to customers is generally within 30-90 days during the Track Record Period.

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables			
— Due from subsidiaries	12,540	122,578	293,152
— Due from other parties	1,935,496	2,726,909	2,792,564
Notes receivables	313,201	554,651	207,548
	2,261,237	3,404,138	3,293,264
Less: allowance for impairment	(218,041)	(278,731)	(276,413)
	<u>2,043,196</u>	<u>3,125,407</u>	<u>3,016,851</u>

The ageing analysis of trade receivables based on recognition date is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	2,465,638	3,732,835	3,865,433
Over 1 year but within 2 years	21,221	14,503	13,448
Over 2 years but within 3 years	7,093	18,413	2,885
Over 3 years	133,891	130,706	148,260
	<u>2,627,843</u>	<u>3,896,457</u>	<u>4,030,026</u>

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The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,832,110	2,727,727	2,972,412
Over 1 year but within 2 years	20,159	8,657	2,785
Over 2 years but within 3 years.	6,972	17,841	493
Over 3 years	88,795	95,262	110,026
	<u>1,948,036</u>	<u>2,849,487</u>	<u>3,085,716</u>

Movements in impairment of trade and notes receivables are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	257,773	294,918	376,253
Loss of impairment recognised/(reversed), net	37,807	84,426	(7,904)
Written off	(662)	(2,863)	(475)
Exchange realignment	—	(228)	406
At the end of the year.	<u>294,918</u>	<u>376,253</u>	<u>368,280</u>

Note: Detail information about the impairment of trade and notes receivables and the Group’s exposure to credit risk is described in Note 44.

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	183,649	218,041	278,731
Loss of impairment recognised/(reversed), net	34,392	62,063	(2,318)
Written off	—	(1,373)	—
At the end of the year.	<u>218,041</u>	<u>278,731</u>	<u>276,413</u>

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22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Prepayments for acquisition of long-term assets	142,267	120,302	75,628
Current			
Other receivables	16,045	20,084	27,241
Less: allowance for impairment	(3,550)	(4,937)	(4,027)
	12,495	15,147	23,214
VAT recoverable (<i>Note (a)</i>)	120,996	222,898	376,278
Consumable molds	14,926	20,019	25,558
Prepayments for materials and others	30,697	58,916	46,527
Others	1,449	5,176	3,064
	180,563	322,156	474,641

Notes:

- (a) Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT. The applicable tax rate of the Group is 16%、13%、9%、6% and 5%.
- (b) The information about the credit risk exposure on the Group’s other receivables is disclosed in Note 44.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Prepayment for acquisition of long-term assets	11,862	22,520	10,403
Current			
Other receivables			
— Due from subsidiaries	403,270	837,883	1,413,123
— Due from other parties	10,769	15,577	17,841
Less: allowance for impairment	(22,502)	(45,665)	(72,823)
	391,537	807,795	1,358,141
VAT recoverable (<i>Note (a)</i>)	2,951	764	35,186
Prepayments for materials and others	4,291	5,303	11,601
Others	—	3,006	521
	398,779	816,868	1,405,449

Note:

- (a) Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT. The applicable tax rate of the Company is 13% and 6%.

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The balances of other receivables are classified as Stage 1 without any significant increase in credit risk tracked since initial recognition. The movements on the ECL allowance of other receivables are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	2,595	3,550	4,937
Provision/(Reversal)	955	1,379	(1,011)
Exchange realignment	—	8	101
At the end of the year	<u>3,550</u>	<u>4,937</u>	<u>4,027</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	14,697	22,502	45,665
Provision	7,805	23,163	27,158
At the end of the year	<u>22,502</u>	<u>45,665</u>	<u>72,823</u>

23. RESTRICTED BANK DEPOSITS

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Pledged bank deposits for notes payables (Note (a))	86,717	49,324	13,646
Frozen funds for ongoing litigations	—	400	975
	<u>86,717</u>	<u>49,724</u>	<u>14,621</u>

Note:

- (a) Certain deposits are pledged as security for the Group’s notes payables.

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24. TIME DEPOSITS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current:			
— Time deposits with remaining maturities over one year	—	—	242,557
Current:			
— Short-term time deposits due within one year	—	—	391,988

The Group’s and the Company’s time deposits are all denominated in RMB.

25. CASH AT BANK AND ON HAND

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and on hand in the consolidated statements of financial position	2,252,827	2,135,307	1,767,075
Less: accrued interest arising from deposits . .	(82,948)	(129,887)	(60,427)
Cash and cash equivalents in the consolidated statements of cash flows	2,169,879	2,005,420	1,706,648

Denominated in:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	2,103,048	1,978,946	1,495,651
United states dollars (“USD”)	65,054	24,034	201,514
European dollars (“EUR”)	1,507	1,375	9,483
Mexican Pesos (“MXN”)	270	1,065	—
	2,169,879	2,005,420	1,706,648

RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank and on hand in the statements of financial position of the Company	2,088,854	2,015,660	1,396,252
Less: accrued interest arising from deposits . .	(82,948)	(129,887)	(60,427)
Cash and cash equivalents in the statements of cash flows of the Company	2,005,906	1,885,773	1,335,825

Denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	1,982,859	1,877,353	1,219,300
USD	23,047	8,420	116,525
	2,005,906	1,885,773	1,335,825

26. DEFERRED INCOME TAX

Deferred income tax assets are recognised based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses and temporary differences will be utilised. The recognition of deferred income tax assets mainly involves management’s judgements and estimations about the timing and the amount of taxable profits of the companies who have tax losses and temporary differences. Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The Group

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred income tax assets	111,706	122,253	129,533
Offset by deferred tax liabilities	(50,543)	(59,830)	(112,737)
Net deferred income tax assets	61,163	62,423	16,796
Deferred tax liabilities	72,650	83,975	137,265
Offset by deferred tax assets	(50,543)	(59,830)	(112,737)
Net deferred tax liabilities.	22,107	24,145	24,528

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(a) *Deferred tax assets*

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	ECL allowance and impairment provision	Tax losses	Accruals and provisions	Tax effects of investments in partnerships	Deferred income	Lease liability	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	44,312	13,947	13,066	1,544	19,500	1,895	18	94,282
Credited/(Charged) in profit or loss	7,054	3,700	3,750	1,728	2,713	(1,586)	65	17,424
At December 31, 2023 and January 1, 2024	51,366	17,647	16,816	3,272	22,213	309	83	111,706
Credited/(Charged) in profit or loss	16,200	(14,976)	5,229	(322)	2,256	233	1,927	10,547
At December 31, 2024 and January 1, 2025	67,566	2,671	22,045	2,950	24,469	542	2,010	122,253
(Charged)/Credited in profit or loss	(3,361)	2,465	4,402	2,449	(1,505)	1,198	1,632	7,280
At December 31, 2025	64,205	5,136	26,447	5,399	22,964	1,740	3,642	129,533

(b) *Deferred tax liabilities*

The movements in deferred tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Depreciation of fixed assets	Fair value adjustments arising from acquisition of subsidiaries	Fair value changes of financial assets at fair value	Right-of-use assets	Convertible bonds	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	55,750	10,506	7,312	1,583	—	—	75,151
Credited in profit or loss.	(182)	(2,263)	—	(1,283)	—	—	(3,728)
Charged in other comprehensive income.	—	—	1,227	—	—	—	1,227
At December 31, 2023 and January 1, 2024	55,568	8,243	8,539	300	—	—	72,650
Charged/(Credited) in profit or loss.	14,761	(1,542)	—	250	—	—	13,469
Credited in other comprehensive income.	—	—	(2,144)	—	—	—	(2,144)
At December 31, 2024 and January 1, 2025	70,329	6,701	6,395	550	—	—	83,975
Charged/(Credited) in profit or loss.	7,133	(1,615)	5,629	1,236	(4,657)	9,746	17,472
Charged in equity.	—	—	—	—	34,065	—	34,065
Charged in other comprehensive income.	—	—	1,753	—	—	—	1,753
At December 31, 2025	77,462	5,086	13,777	1,786	29,408	9,746	137,265

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(c) Tax losses and deductible temporary differences with deferred tax assets not recognized

The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred income tax assets at the end of each year for the Track Record Period:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	19,233	34,491	156,433
Tax losses	132,016	355,943	490,907
	151,249	390,434	647,340

The Group has unused tax losses of approximately RMB243,342,000, RMB366,636,000 and RMB 525,202,000 as at December 31, 2023, 2024, 2025 respectively available for offset against future profits. Included in recognized tax losses are losses of approximately RMB 111,326,000, RMB 10,693,000, RMB34,295,000, respectively. Included in unrecognized tax losses are losses of approximately RMB132,016,000, 355,943,000, RMB490,907,000, respectively.

Deductible tax losses that are not recognized for deferred tax assets will expire as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2025	2,706	2,596	—
2026	1,855	1,855	1,855
2027	94	94	47
2028	64,043	52,784	52,393
2029	226	128,809	128,502
2030	2,693	—	94,274
2031	4,656	458	458
2032	17,845	13,435	8,718
2033	28,825	28,825	25,649
2034	—	117,623	117,623
2035	—	—	49,459
2036 to 2045	9,073	9,464	11,929
	132,016	355,943	490,907

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The Company

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income tax assets	64,068	81,604	91,131
Offset by deferred tax liabilities	(28,524)	(31,107)	(81,385)
Net deferred income tax assets	<u>35,544</u>	<u>50,497</u>	<u>9,746</u>
Deferred tax liabilities	28,524	31,107	81,385
Offset by deferred tax assets	(28,524)	(31,107)	(81,385)
Net deferred tax liabilities.	<u>—</u>	<u>—</u>	<u>—</u>

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	ECL allowance and impairment provision	Accruals and provisions	Tax effects of investments in partnerships	Deferred income	Lease liability	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2023	34,149	7,788	1,544	11,126	142	18	54,767
Credited/(Charged) to profit or loss . . .	6,145	2,819	1,728	(1,415)	(41)	65	9,301
At December 31, 2023 and January 1, 2024	40,294	10,607	3,272	9,711	101	83	64,068
Credited/(Charged) to profit or loss . . .	13,667	3,580	(322)	251	333	27	17,536
At December 31, 2024 and January 1, 2025	53,961	14,187	2,950	9,962	434	110	81,604
Credited/(Charged) to profit or loss . . .	3,256	2,961	2,449	(1,241)	1,052	1,050	9,527
At December 31, 2025.	<u>57,217</u>	<u>17,148</u>	<u>5,399</u>	<u>8,721</u>	<u>1,486</u>	<u>1,160</u>	<u>91,131</u>

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(b) *Deferred tax liabilities*

The movements in deferred tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Depreciation of fixed assets	Fair value changes of financial assets at fair value	Right-of-use assets	Convertible bonds	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	26,454	7,312	134	—	—	33,900
Credited in profit or loss	(6,567)	—	(36)	—	—	(6,603)
Charged in other comprehensive income	—	1,227	—	—	—	1,227
At December 31, 2023 and January 1, 2024	19,887	8,539	98	—	—	28,524
Charged in profit or loss	4,388	—	339	—	—	4,727
Credited in other comprehensive income	—	(2,144)	—	—	—	(2,144)
At December 31, 2024 and January 1, 2025	24,275	6,395	437	—	—	31,107
Charged/(credited) in profit or loss	2,646	5,629	1,096	(4,657)	9,746	14,460
Charged in equity	—	—	—	34,065	—	34,065
Charged in other comprehensive income	—	1,753	—	—	—	1,753
At December 31, 2025	26,921	13,777	1,533	29,408	9,746	81,385

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27. TRADE, NOTES AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Capacity guarantee deposits	105,160	105,160	55,000
Infrastructure construction funds — loans			
converted to grants	16,330	16,330	16,330
Others	—	—	1,016
	<u>121,490</u>	<u>121,490</u>	<u>72,346</u>
Current			
Trade payables	1,770,023	2,659,760	2,831,599
Payables for acquisition of non-current assets.	180,823	150,184	164,227
Payroll and welfare payables	148,155	223,539	230,689
Restricted stock repurchase obligation	45,326	34,865	75,155
Capacity guarantee deposits	—	—	46,160
Endorsed notes receivable that have not been			
derecognised and not yet due	—	11,164	28,576
Other tax liabilities	13,489	25,249	27,637
Others	17,879	20,405	38,456
	<u>2,175,695</u>	<u>3,125,166</u>	<u>3,442,499</u>
Total trade and other payables	<u>2,175,695</u>	<u>3,125,166</u>	<u>3,442,499</u>
Notes payables	1,686,642	2,005,122	2,170,591
	<u>3,862,337</u>	<u>5,130,288</u>	<u>5,613,090</u>

The credit period granted by suppliers is generally within 30-90 days. The ageing analysis of the trade payables of the Group as at December 31, 2023, 2024 and 2025 based on recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
— Within 1 year	1,750,562	2,642,064	2,796,914
— Over 1 year but within 2 years	6,520	4,162	18,375
— Over 2 years but within 3 years	2,843	3,438	3,045
— Over 3 years	10,098	10,096	13,265
	<u>1,770,023</u>	<u>2,659,760</u>	<u>2,831,599</u>

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Capacity guarantee deposits.	75,000	75,000	55,000
Current			
Trade payables			
— Due to subsidiaries	94,395	202,620	479,150
— Due to other parties	976,327	1,447,560	1,385,433
	1,070,722	1,650,180	1,864,583
Payables for acquisition of non-current assets.	19,613	13,887	37,890
Payroll and welfare payables	103,091	150,814	160,773
Restricted stock repurchase obligation	45,326	34,865	75,155
Capacity guarantee deposits.	—	—	16,000
Other tax liabilities.	4,942	13,313	9,087
Others	6,046	11,338	18,306
Total trade and other payables.	1,249,740	1,874,397	2,181,794
Notes payables			
— Due to subsidiaries.	618,942	1,042,940	1,376,515
— Due to other parties	815,107	914,344	887,019
	1,434,049	1,957,284	2,263,534
Total trade, notes and other payables	2,683,789	3,831,681	4,445,328

The ageing analysis of the trade payables of the Company as at December 31, 2023, 2024 and 2025 based on recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
— Within 1 year.	1,061,242	1,641,619	1,853,624
— Over 1 year but within 2 years	3,264	2,539	2,668
— Over 2 years but within 3 years	1,045	1,651	2,358
— Over 3 years	5,171	4,371	5,933
	1,070,722	1,650,180	1,864,583

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28. CONTRACT LIABILITIES

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advance payments from customers	9,173	53,175	40,350

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advance payments from customers	5,682	48,589	12,765

Revenue are recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer’s receipt of the goods. Contract liabilities of the Group and the Company mainly consist of advance payments made by customers for goods which will be normally settled when the revenue are recognised.

During the Track Record Period, the increase/decrease in contract liabilities was resulted from more/less advance payments from customers than the amount utilised to be recognised as revenue.

29. BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current			
Long-term bank borrowings — unsecured and unguaranteed.	—	20,000	18,000
Long-term bank borrowings — unsecured but guaranteed (<i>Note</i>)	59,390	49,490	29,690
Total non-current	59,390	69,490	47,690
Current			
Short-term bank borrowings — unsecured and unguaranteed.	235,166	19,800	10,008
Short-term bank borrowings — unsecured but guaranteed (<i>Note</i>)	49,038	—	—
Current portion of long-term bank borrowings — unsecured and unguaranteed	—	5	1,000
Current portion of long-term bank borrowings — unsecured but guaranteed (<i>Note</i>)	5	9,978	20,045
Total current.	284,209	29,783	31,053

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As at December 31, 2023, 2024 and 2025, the borrowings bear effective interest rates with range of 2.50%-3.20%, 1.75%-3.10% and 1.75%-2.65% per annum, respectively.

Note:

As at 31 December 2023, 2024 and 2025, the outstanding balances of bank borrowings of the subsidiary Wuhu Bethel Electronic Control System Co., Ltd. which were guaranteed by the Company amounted to RMB108,433,000, RMB59,468,000 and RMB49,735,000, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Long-term bank borrowings — unsecured and unguaranteed.	—	20,000	18,000
Current			
Short-term bank borrowings — unsecured and unguaranteed.	235,166	19,300	10,008
Current portion of long-term bank borrowings — unsecured and unguaranteed	—	5	1,000
Total current.	235,166	19,305	11,008

During the Track Record Period, the Group and the Company did not violate any financial covenants under the agreements of borrowings. The Group’s and the Company’s bank borrowings were repayable as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed as:			
— Within 1 year or on demand	284,209	29,783	31,053
— Over 1 year but within 2 years	9,900	21,800	32,845
— Over 2 years but within 5 years.	49,490	47,690	14,845
	343,599	99,273	78,743

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed as:			
— Within 1 year or on demand	235,166	19,305	11,008
— Over 1 year but within 2 years	—	2,000	18,000
— Over 2 years but within 5 years.	—	18,000	—
	<u>235,166</u>	<u>39,305</u>	<u>29,008</u>

The Group’s and the Company’s borrowings are all denominated in RMB.

Details of the Group’s borrowings with floating rate are disclosed in Note 44 to the Historical Financial Information.

30. BONDS PAYABLE

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current portion of liability component of convertible bonds	—	—	2,592,200
Current portion of liability component of convertible bonds	—	—	1,401
	<u>—</u>	<u>—</u>	<u>2,593,601</u>

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	665,400	—	—
Issue of convertible bonds.	—	—	2,562,553
Interest accrual.	3,903	—	1,401
Amortization of premiums.	22,420	—	29,647
Redemption of convertible bonds.	(2,885)	—	—
Interest paid during the year	(3,903)	—	—
Conversion of convertible bonds into shares.	(684,935)	—	—
At the end of the year.	<u>—</u>	<u>—</u>	<u>2,593,601</u>

(a) The 2021 Convertible Corporate Bonds

On June 29, 2021, the Company conducted a public issuance of convertible bonds with a total value of RMB902,000,000 at par value of RMB100 each with a maturity period of six years. The initial conversion price of the convertible bonds is RMB36 per share. The coupon rate of the convertible bonds is 0.30% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year.

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The issuance ended on July 5, 2021. The conversion period starts from January 5, 2022 (the first trading day after six months from July 5, 2021) to June 28, 2027 (the maturity date of the convertible bonds). During the conversion period, upon the occurrence of a conditional event, the Company will have the option to redeem all or some of the convertible bonds at par value plus accrued interest. If the convertible bonds have not been converted or redeemed, they will be redeemed on maturity date at 116% of the par value (including the final interest payment).

As of October 30, 2023, an aggregate of RMB899,173,000 principal amount of convertible bonds had been converted into the Company’s A-share ordinary shares, resulting in a total of 25,266,529 converted shares. Following the conversion, the share capital of the Company increased to approximately RMB433,668,000. The remaining outstanding convertible bonds of RMB2,827,000 that had not been converted have been fully redeemed.

(b) The 2025 Convertible Corporate Bonds

On July 1, 2025, the Company conducted a public issuance of convertible bonds with a total value of RMB2,802,000,000 at par value of RMB100 each with a maturity period of six years. The initial conversion price of the convertible bonds is RMB52.42 per share. The coupon rate of the convertible bonds is 0.10% for the first year, 0.30% for the second year, 0.60% for the third year, 1.00% for the fourth year, 1.50% for the fifth year and 2.00% for the sixth year.

The issuance ended on July 7, 2025. The conversion period starts from January 7, 2026 (the first trading day after six months from July 7, 2025) to June 30, 2031 (the maturity date of the convertible bonds).

The convertible bonds are subject to conditional redemptions. During the conversion period, if the closing prices of the Company’s A shares are no less than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, the Company has the right to redeem all or part of the outstanding convertible bonds at the par value plus the current accrued interest, upon approval of the relevant regulatory authorities (if required). In addition, when the total amount of the outstanding convertible bonds is less than RMB30,000,000, the Company has the right to redeem all outstanding convertible bonds at their par value plus the current accrued interest.

31. DEFERRED INCOME

The Group

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants (<i>Note</i>)	150,821	166,658	157,323

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants (<i>Note</i>)	64,740	66,411	58,135

Note: The Group received government grants mainly for the purchase of property, plant and equipment. The government grants were recorded as deferred income and credited to profit or loss in parallel with the depreciation of the relevant assets.

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32. PROVISION

The Group

	Warranty provisions
	<i>RMB’000</i>
As at January 1, 2023	82,178
Additional provisions made	51,294
Provisions utilised	(29,666)
As at December 31, 2023	<u>103,806</u>
As at January 1, 2024	103,806
Additional provisions made	64,180
Provisions utilised	(31,369)
Exchange realignment	(42)
As at December 31, 2024	<u>136,575</u>
As at January 1, 2025	136,575
Additional provisions made	73,655
Provisions utilised	(42,365)
As at December 31, 2025	<u>167,865</u>

Note: Warranty provisions are the provision for Original Equipment Manufacturers (OEMs). Under the terms of the Group’s sales agreements, the Group is responsible for product defects. At the time of sales to OEMs, the Group accrues warranty provisions for the automotive safety system components sold, which includes the Group’s best estimate of the future costs to be incurred in order to repair or replace items under warranties and recalls when identified.

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The Company

	Warranty provisions
	<i>RMB'000</i>
As at January 1, 2023	51,920
Additional provisions made	32,639
Provisions utilised	(13,848)
As at December 31, 2023	70,711
As at January 1, 2024	70,711
Additional provisions made	37,338
Provisions utilised	(13,471)
As at December 31, 2024	94,578
As at January 1, 2025	94,578
Additional provisions made	29,908
Provisions utilised	(10,175)
As at December 31, 2025	114,311

33. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share capital	433,252	606,546	606,511
Treasury shares reserve	(45,326)	(98,071)	(75,155)
	387,926	508,475	531,356

The changes in the Company’s authorized, issued and fully paid share capital are as follows:

	Number of shares	Share capital
	<i>'000</i>	<i>RMB'000</i>
Ordinary shares of RMB1 each		
As at January 1, 2023	411,827	411,827
Conversion of convertible bonds into share	21,886	21,886
Forfeiture of unvested restricted shares (<i>Note (a)</i>)	(461)	(461)
As at December 31, 2023 and January 1, 2024	433,252	433,252
Capital reserve converted into share capital (<i>Note (b)</i>)	173,294	173,294
As at December 31, 2024 and January 1, 2025	606,546	606,546
Forfeiture of unvested restricted shares (<i>Note (a)</i>)	(35)	(35)
As at December 31, 2025	606,511	606,511

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The changes in treasury shares are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
At the beginning of the year	82,323	45,326	98,071
Forfeiture of unvested restricted shares			
<i>(Note (a))</i>	(11,930)	—	(182)
Repurchase of shares <i>(Note (c))</i>	—	63,206	14,900
Granting of ESOP <i>(Note (d))</i>	(22,256)	—	(33,160)
Vesting of restricted shares <i>(Note (e))</i>	(2,811)	(10,461)	(4,474)
At the end of the year	45,326	98,071	75,155
Number of treasury shares as at the end of			
year <i>(in thousand) (Note (f))</i>	2,597	3,561	3,365

Notes:

- (a) Pursuant to the “Proposal on the 2019 Restricted Stock Incentive Plan (Draft) and its Summary of the Company” (the “**Incentive Plan 2019**”) approved at the 2019 Second Extraordinary General Meeting of the Company on October 24, 2019, 1,935,000 restricted stocks were granted to participants. On February 16, 2023, a total of 45,000 restricted shares granted in the “Incentive Plan 2019” was cancelled, as participants have resigned. Therefore, the share capital of approximately RMB45,000 and treasury shares of approximately RMB328,000 were derecognized.

Pursuant to the “Proposal on Granting Restricted Shares to Incentive Participants” (the “**Incentive Plan 2022**”) approved at the 2022 Second Extraordinary General Meeting of the Company on May 16, 2022, 416,000 restricted stocks were granted to participants.

On November 20, 2023, a total of 416,000 restricted shares granted in Incentive Plan 2022 was cancelled, as participants have resigned. Therefore, the share capital of approximately RMB416,000 and treasury shares of approximately RMB11,602,000 were derecognized.

On February 25, 2025, a total of 35,000 restricted shares granted in the “Incentive Plan 2019” was cancelled, as participants have resigned. Therefore, the share capital of approximately RMB35,000 and treasury shares of approximately RMB182,000 were derecognized.

- (b) Pursuant to the “Proposal on the 2023 Profit Distribution Plan and Capitalization of Capital Reserve” approved at the 2023 Annual General Meeting convened on April 17, 2024, the capital reserve of approximately RMB173,294,000 were converted into share capital.

- (c) During the year ended December 31, 2024, the Company repurchased 1,451,100 of its own ordinary shares through the Shanghai Stock Exchange with an aggregate consideration of approximately RMB63,206,000 paid.

During the year ended December 31, 2025, the Company repurchased 348,900 of its own ordinary shares through the Shanghai Stock Exchange with an aggregate consideration of approximately RMB14,900,000 paid.

- (d) The Company has implemented an employee stock ownership plan for 2022 (“**2022 ESOP**”), which was approved by the board of directors of the Company on December 14, 2022 and extraordinary general meeting of shareholders on December 30, 2022. Pursuant to the 2022 ESOP, the Company transferred 584,086 shares held in its special securities account for share repurchase to the special securities account for the 2022 ESOP through non-trade transfer on May 17, 2023. Details of the Company’s restricted stock incentive plans are disclosed in Note 36 to the Historical Financial Information.

The Company has implemented an employee stock ownership plan for 2025 (“**2025 ESOP**”), which was approved by the board of directors of the Company on July 30, 2025 and extraordinary general meeting of shareholders on August 18, 2025. Pursuant to the 2025 ESOP, the Company transferred 1,800,000 shares held in its special securities account for share repurchase to the special securities account for the 2025 ESOP through non-trade transfer on October 28, 2025. Details of the Company’s restricted stock incentive plans are disclosed in Note 36 to the Historical Financial Information.

- (e) On July 21, 2023, a total of 91,500 restricted shares granted in the “Incentive Plan 2019” which met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB667,000 were derecognized.

On December 5, 2023, a total of 294,000 restricted shares granted in the “Incentive Plan 2019” which met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB2,144,000 were derecognized.

- (f) The above numbers of treasury shares as at December 31, 2023, 2024 and 2025 included approximately 2,597,000, 2,111,000 and 3,365,000 shares, respectively, held for employee share schemes. The remaining approximately 1,450,000 shares as at December 31, 2024 were held by the Company as treasury shares.

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On July 21, 2024, a total of 85,400 restricted shares granted in the “Incentive Plan 2019” which met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB445,000 were derecognized.

On October 21, 2024, a total of 447,294 restricted shares granted in the employee stock ownership plan for 2021 (“2021 ESOP”) which met the conditions for relieving restriction were released and the treasury shares reserve of approximately RMB4,840,000 were derecognized.

On December 5, 2024, a total of 994,000 restricted shares granted in the “Incentive Plan 2019” which met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB5,176,000 were derecognized.

On August 6, 2025, a total of 213,500 restricted shares granted in the “Incentive Plan 2019” which met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB1,112,000 were derecognized.

On October 21, 2025, a total of 296,796 restricted shares granted in the “Incentive Plan 2019” which met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB3,362,000 were derecognized.

34. OTHER RESERVES AND RETAINED EARNINGS

The Group

During the Track Record Period, the amounts of the Group’s other reserves and retained earnings and the changes therein are presented in the consolidated statements of changes in equity.

The Company

	Other Reserves					
	Capital reserve	Equity component of convertible bonds	Other comprehensive income	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	819,877	136,467	41,440	205,913	1,967,591	3,171,288
Profit for the year	—	—	—	—	603,946	603,946
Other comprehensive income for the year:						
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	6,952	—	—	6,952
Total comprehensive income for the year.	—	—	6,952	—	603,946	610,898
Conversion of convertible bonds into share.	799,516	(136,467)	—	—	—	663,049
Share-based compensation expenses	9,328	—	—	—	—	9,328
Dividends declared	—	—	—	—	(139,595)	(139,595)
Appropriation of statutory reserve	—	—	—	10,712	(10,712)	—
Forfeiture of unvested restricted shares	(11,469)	—	—	—	—	(11,469)
Granting and vesting of restricted shares	(22,256)	—	—	—	—	(22,256)
As at December 31, 2023.	1,594,996	—	48,392	216,625	2,421,230	4,281,243

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	Other Reserves					
	Capital reserve	Equity component of convertible bonds	Other comprehensive income	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	1,594,996	—	48,392	216,625	2,421,230	4,281,243
Profit for the year	—	—	—	—	833,649	833,649
Other comprehensive income for the year:						
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	(12,153)	—	—	(12,153)
Total comprehensive income for the year.	—	—	(12,153)	—	833,649	821,496
Appropriation of statutory reserve	—	—	—	83,365	(83,365)	—
Dividends declared	—	—	—	—	(147,300)	(147,300)
Share-based compensation expenses	10,177	—	—	—	—	10,177
Capital reserve converted into share capital	(173,294)	—	—	—	—	(173,294)
As at December 31, 2024.	1,431,879	—	36,239	299,990	3,024,214	4,792,322
As at January 1, 2025	1,431,879	—	36,239	299,990	3,024,214	4,792,322
Profit for the year	—	—	—	—	844,410	844,410
Other comprehensive income for the year:						
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	9,937	—	—	9,937
Total comprehensive income for the year.	—	—	9,937	—	844,410	854,347
Share-based compensation expenses	9,475	—	—	—	—	9,475
Dividend declared	—	—	—	—	(211,649)	(211,649)
Appropriation of statutory reserve	—	—	—	3,264	(3,264)	—
Forfeiture of unvested restricted shares	(147)	—	—	—	—	(147)
Granting and vesting of restricted shares	(33,160)	—	—	—	—	(33,160)
Issue of convertible bonds.	—	193,033	—	—	—	193,033
As at December 31, 2025.	1,408,047	193,033	46,176	303,254	3,653,711	5,604,221

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35. PLEDGED ASSETS

The Group

At the end of each year for the Track Record Period, the Group’s certain assets have been pledged to secure notes payables. The carrying amounts of the pledged assets of the Group at the end of each year for the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Restricted bank deposits (<i>Note 23</i>).	86,717	49,724	14,621
Financial assets at FVTOCI (<i>Note 19</i>)	211,046	49,000	42,129
Financial assets at FVTPL (<i>Note 18</i>)	90,060	—	—
	<u>387,823</u>	<u>98,724</u>	<u>56,750</u>

36. SHARE-BASED EMPLOYEE COMPENSATIONS

Share-based payment expenses during the Track Record Period were as follows:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Equity-settled share-based compensation	<u>9,328</u>	<u>10,177</u>	<u>9,475</u>

(a) Restricted Stock Incentive Plans

Pursuant to the Incentive Plan 2019, 1,935,000 restricted stocks granted to participants will be vested in three periods after 36 months from the date of completion of the grant registration. Subject to the incentive participants’ individual performance appraisal and other criteria, the maximum percentage of unlocking for each tranche will be 30%, 20% and 50%, respectively. The Company completed the initial grant registration of 1,535,000 restricted stocks with vesting period to 60 incentive participants on December 4, 2019, at an exercise price of RMB7.29 per share. On July 20, 2020, the Company completed the grant registration of the remaining 400,000 restricted stocks with vesting period to 24 incentive participants, at an exercise price of RMB7.29 per share. The stock source is the Company’s A-shares ordinary shares repurchased from the secondary market. As the grant under this incentive plan occurred prior to the Track Record Period, after adjustments due to share vesting and share repurchase, the remaining number of such restricted shares as at 1 January 2023 was 1,379,000 shares.

In addition, pursuant to the “Proposal on Amending the Relevant Contents of the Reserved Portion in the Draft of the Incentive Plan 2019 and the Implementation Assessment Management Measures” approved at the 2023 Second Extraordinary General Meeting of the Company on October 16, 2023, the Company agreed to add group-level performance appraisal conditions for the unvested restricted stocks under the remaining portion of the Incentive Plan 2019.

Pursuant to the Incentive Plan 2022, 416,000 restricted stocks granted to participants will be vested in five periods after 60 months from the date of completion of the grant registration. Subject to the group-level performance appraisal, the incentive participants’ individual performance appraisal and other criteria, the maximum percentage of unlocking for each tranche will be 15%, 10%, 10%, 15% and 50%, respectively. The Company completed the grant registration of 416,000 restricted stocks with

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vesting period to 1 incentive participant on July 14, 2022, at an exercise price of RMB27.89 per share. The stock source is the Company’s A-shares ordinary shares repurchased from the secondary market. As at January 1, 2023, the remaining number of such restricted shares was 416,000 shares.

Set out below are details of the movements of the outstanding number of restricted shares throughout the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value
	'000	RMB	'000	RMB	'000	RMB
As at beginning of the year	1,795	19.30	948	13.44	249	16.36
Conversion of capital reserve into share capital	—	—	380	—	—	—
Vested	(386)	13.62	(1,079)	8.04	(214)	17.86
Forfeited	(461)	36.09	—	—	(35)	7.20
As at end of the year	948	13.44	249	16.36	—	—
Exercisable at end of the year	796	13.44	214	16.36	—	—

Notes: The fair value of the restricted shares granted was determined based on the quoted market price of the Company’s ordinary shares on the respective grant dates, which represent observable market prices in an active market.

(b) Employee Stock Ownership Plan

The Company has implemented an employee stock ownership plan for 2021 (“**2021 ESOP**”), which was approved by the board of directors of the Company on June 24, 2021 and extraordinary general meeting of shareholders on July 12, 2021. On October 21, 2021, the Company transferred 1,064,985 shares held in its special securities account for share repurchase to the special securities account for the 2021 ESOP through non-trade transfer, with a grant price of RMB15.15 per share. Pursuant to the 2021 ESOP, the restricted shares granted to the incentive participants will be unlocked in three tranches after 36 months from the date of completion of the grant registration. Subject to the incentive participants’ individual performance appraisal, the maximum percentage of unlocking for each tranche will be 30%, 20% and 50%, respectively. The stock source is the Company’s A-shares ordinary shares repurchased from the secondary market.

Pursuant to the 2022 ESOP, the Company transferred 584,086 shares held in its special securities account for share repurchase to the special securities account for the 2022 ESOP through non-trade transfer, with an exercise price of RMB38.14 per share, on May 17, 2023. The restricted shares granted to the incentive participants will be unlocked in three tranches after 36 months from the date of completion of the grant registration. Subject to the incentive participants’ individual performance appraisal, the maximum percentage of unlocking for each tranche will be 30%, 20% and 50%, respectively. The stock source is the Company’s A-shares ordinary shares repurchased from the secondary market.

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Pursuant to the 2025 ESOP, the Company transferred 1,800,000 shares held in its special securities account for share repurchase to the special securities account for the 2025 ESOP through non-trade transfer, with an exercise price of RMB24.97 per share, on October 28, 2025. Pursuant to the 2025 ESOP, the restricted shares granted to the incentive participants will be unlocked in three tranches after 36 months from the date of completion of the grant registration. Subject to the incentive participants’ individual performance appraisal, the maximum percentage of unlocking for each tranche will be 30%, 20% and 50%, respectively. The stock source is the Company’s A-shares ordinary shares repurchased from the secondary market.

Set out below are details of the movements of the outstanding number of employee stock ownership plan throughout the Track Record Period:

	Year ended December 31,					
	2023		2024		2025	
	Number of	Weighted	Number of	Weighted	Number of	Weighted
	shares	average grant date fair value	shares	average grant date fair value	shares	average grant date fair value
	'000	RMB	'000	RMB	'000	RMB
As at beginning of the year . .	1,065	10.08	1,649	16.26	1,862	12.67
Conversion of capital reserve into share capital.	—	—	660	—	—	—
Granted	584	27.52	—	—	1,800	21.84
Vested	—	—	(447)	7.20	(297)	7.20
As at end of the year	<u>1,649</u>	<u>16.26</u>	<u>1,862</u>	<u>12.67</u>	<u>3,365</u>	<u>13.28</u>

Notes: The fair value of the restricted shares granted was determined based on the quoted market price of the Company’s ordinary shares on the respective grant dates, which represent observable market prices in an active market.

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37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities during the Track Record Period are as follows:

	Borrowings	Bonds payable	Lease liabilities	Restricted stock repurchase obligation	Dividends payable
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	—	665,400	7,961	37,462	—
Cash flows	340,121	(6,788)	(3,718)	10,675	(139,595)
Interest expense	3,478	26,323	260	—	—
New leases or termination	—	—	329	—	—
Dividends declared to the shareholders of the Company	—	—	—	—	139,595
Conversion of convertible bonds into share (<i>Note 30</i>)	—	(684,935)	—	—	—
Vesting of restricted shares	—	—	—	(2,811)	—
Others	—	—	(2)	—	—
As at December 31, 2023 and January 1, 2024	343,599	—	4,830	45,326	—
Cash flows	(254,316)	(3,006)	(2,690)	—	(147,300)
Interest expense	9,990	—	160	—	—
New leases or termination	—	—	2,708	—	—
Dividends declared to the shareholders of the Company	—	—	—	—	147,300
Vesting of restricted shares	—	—	—	(10,461)	—
Others	—	3,006	45	—	—
As at December 31, 2024 and January 1, 2025	99,273	—	5,053	34,865	—
Cash flows	(24,753)	2,784,409	(4,204)	44,946	(211,649)
Interest expense	4,223	31,048	434	—	—
New leases or termination	—	—	13,709	—	—
Dividends declared to the shareholders of the Company	—	—	—	—	211,649
Recognised in equity instruments	—	(227,098)	—	—	—
Vesting of restricted shares	—	—	—	(4,474)	—
Others	—	5,242	—	(182)	—
As at December 31, 2025	<u>78,743</u>	<u>2,593,601</u>	<u>14,992</u>	<u>75,155</u>	<u>—</u>

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38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The Company

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted investments, at cost	1,514,698	1,551,484	1,634,922

As at the date of this report, the Company’s principal subsidiaries are as follows:

Effective interest held by the Company											
Name of entity	Place of incorporation/ operation	Registered share capital	As at December 31,						As at the date of the report		Principal activities
			2023		2024		2025		Directly	Indirectly	
			Directly	Indirectly	Directly	Indirectly	Directly	Indirectly			
		('000)									
Wuhu Bethel Electronic Control Systems Co., Ltd. (Note (c))	PRC	RMB140,060	100.00%	—	100.00%	—	100.00%	—	100.00%	—	R&D, Manufacturing and sales of automotive components and parts
Weihai Bethel Automotive Safety Systems Co., Ltd. (Note (b))	PRC	RMB160,000	100.00%	—	100.00%	—	100.00%	—	100.00%	—	R&D, Manufacturing and sales of automotive components and parts
Suining Bethel Automotive Safety System Co., Ltd. (Note (b))	PRC	RMB50,000	100.00%	—	100.00%	—	100.00%	—	100.00%	—	Manufacturing and sales of automotive components and parts
WBTL DE SALTILLO, S.DE R.L.DE C.V. (Note (c)) . . .	Mexico	MXN1,207,299	70.00%	30.00%	70.00%	30.00%	70.00%	30.00%	70.00%	30.00%	Manufacturing and sales of automotive components and parts
Zhejiang Shuangli Automotive Intelligent Technology Co., Ltd. (Note (b)(f))	PRC	RMB90,000	—	65.00%	—	65.00%	—	65.00%	—	65.00%	Manufacturing and sales of automotive components and parts
Zhejiang Wanda Steering Gear Co., Ltd. (Note (c) (e)) . . .	PRC	RMB234,785	45.00%	—	45.00%	—	45.00%	—	45.00%	—	R&D, Manufacturing and sales of automotive components and parts
Wuhu Wanda Steering System Co., Ltd. (Note (d) (e)) . . .	PRC	RMB5,000	—	45.00%	—	45.00%	—	45.00%	—	45.00%	Manufacturing and sales of automotive components and parts

Notes:

- (a) The English name of the subsidiaries with Chinese names represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.
- (b) The financial statements of these subsidiaries for the years ended December 31, 2023, 2024 and 2025 were audited by RSM China CPA LLP.

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- (c) As at the date of this report, no audited financial statements of these entities for the years ended December 31, 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.
- (d) No audited financial statements of the subsidiary for the year ended December 31, 2023. The financial statements of the subsidiary for the years ended December 31, 2024 and 2025 were audited by RSM China CPA LLP.
- (e) In April 2022, the Company obtained 45% equity interest in Zhejiang Wanda Steering Gear Co., Ltd. (“**Zhejiang Wanda**”), becoming its largest shareholder. As the Company has the right to nominate 3 out of 5 directors to the board of directors of Zhejiang Wanda, representing more than half of the board members, the Group has control over Zhejiang Wanda. As Wuhu Wanda Steering System Co., Ltd. (“**Wuhu Wanda**”) is a wholly-owned subsidiary of Zhejiang Wanda, the Group has control over Wuhu Wanda.
- (f) Zhejiang Shuangli Automotive Intelligent Technology Co., Ltd. is the subsidiary of Wuhu Bethel Electronic Control Systems Co., Ltd.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results during the Track Record Period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

The subsidiaries of the Company are limited liability companies or limited partnerships. All subsidiaries have adopted December 31, as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiary that has material non-controlling interests is set out below:

As at December 31			
	2023	2024	2025
	%	%	%
Percentage of equity interest held by non-controlling interests:			
Zhejiang Wanda Steering Gear Co., Ltd.	55.00	55.00	55.00
Year ended December 31			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit for the year attributable to non-controlling interests:			
Zhejiang Wanda Steering Gear Co., Ltd.	25,430	27,193	6,070
As at December 31			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Accumulated balances of non-controlling interests:			
Zhejiang Wanda Steering Gear Co., Ltd.	350,140	371,833	377,903

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The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any intra-group eliminations:

Zhejiang Wanda Steering Gear Co.,Ltd.

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	1,059,911	863,573	900,768
Non-current assets	307,134	286,987	287,633
Current liabilities	(671,784)	(416,671)	(470,879)
Non-current liabilities	(60,884)	(60,463)	(33,759)
Net assets	634,377	673,426	683,763
	Year ended December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenues	1,030,268	1,032,219	927,966
Total costs and expenses	(984,208)	(983,169)	(917,630)
Profit for the year	46,060	49,050	10,336
Total comprehensive income for the year	46,060	49,050	10,336
Net cash flows generated from operating activities	169,354	(58,685)	152,504
Net cash flows used in investing activities	(75,845)	72,082	69,922
Net cash flows (used in)/generated from financing activities	(43,083)	(56,074)	69
Effect of foreign exchange rate changes, net	430	(279)	(279)
Net increase/(decrease) in cash and cash equivalents	50,856	(42,956)	222,216

40. COMMITMENTS

At the end of each year for the Track Record Period, the Group’s capital commitments contracted but not provided for in the Historical Financial Information were as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for, net of deposits paid and prepayments			
— Property, plant and equipment	701,150	494,022	434,216
— Subscribed capital contribution	—	—	85,000
	701,150	494,022	519,216

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41. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the Track Record Period:

(a) Relationships with related parties

Name of related party	Relationship with the Group
Wuhu Chery Technology Co., Ltd.	Shareholder of the Company
Chery Automobile Co., Ltd.	Shareholder of Wuhu Chery Technology Co., Ltd.
Wuhu Chery Automotive Parts Procurement Co., Ltd.	Subsidiary of Chery Automobile Co., Ltd.
Chery Automobile Henan Co., Ltd.	Subsidiary of Chery Holdings Group Co., Ltd. (“ Chery Holding ”) (<i>Note</i>)
Chery New Energy Automotive Co., Ltd.	Subsidiary of Chery Automobile Co., Ltd.
Chery Commercial Vehicle (Anhui) Company Limited	Subsidiary of Chery Holding (<i>Note</i>)
Chery (Dalian) Auto Parts Industrial Park Co., Ltd.	Subsidiary of Wuhu Chery Technology Co., Ltd.
Wuhu Da Ao Automotive Intelligent Chassis Systems Co., Ltd. (Former name: Dao (Wuhu) Automotive Parts Co., Ltd.)	Associate of Wuhu Chery Technology Co., Ltd. (Subsidiary of Wuhu Chery Technology Co., Ltd. before December 31, 2024)
Wuhu Jietu Automobile Sales Co., Ltd. (Former name: Anhui Chery Commercial Vehicle Sales Co., Ltd.)	Subsidiary of Chery Automobile Co., Ltd.
Chery Wanda Guizhou Bus Co., Ltd.	Subsidiary of Chery Holding (<i>Note</i>)
South East (Fujian) Motor Co., Ltd.	Subsidiary of Chery Automobile Co., Ltd. (from April, 2024)
Dazhuo Intelligent Technology Co., Ltd.	Subsidiary of Chery Automobile Co., Ltd.
Chery Commercial Vehicle (Shandong) Technology Co., Ltd.	Subsidiary of Chery Holding (<i>Note</i>)
Anhui Zhijie New Energy Vehicle Co., Ltd.	Subsidiary of Chery Automobile Co., Ltd.
Anhui Chery Automobile Sales Co., Ltd.	Subsidiary of Chery Automobile Co., Ltd.
Yuan Yongbin	Chairperson of the Board

Note: Chery Holding was the controlling shareholder of Chery Automobile Co., Ltd. before January 20, 2025. In January 2025, a push-down restructuring was carried out by Chery Holding. Under the push-down restructuring, the shares of the Chery Automobile Co., Ltd. directly held by Chery Holding were allocated to the shareholders of Chery Holding on a pro rata basis. The push-down restructuring was completed on January 20, 2025. Upon completion of the push-down restructuring, Chery Holding no longer holds any shares in the Chery Automobile Co., Ltd., and became the fellow subsidiary company with Chery Automobile Co., Ltd..

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(b) Transactions with related parties

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales transactions:			
Wuhu Chery Automotive Parts Procurement Co., Ltd.	1,419,745	1,055,572	—
Chery Automobile Henan Co., Ltd.	22	377	861
Chery Automobile Co., Ltd.	964,014	2,518,830	3,934,123
Chery New Energy Automotive Co., Ltd.	71,082	301,194	221,630
Chery Commercial Vehicle (Anhui) Company Limited.	58,737	3,129	852
Wuhu Da Ao Automotive Intelligent Chassis Systems Co., Ltd.(Former name: Dao (Wuhu) Automotive Parts Co., Ltd.)	33,288	52,726	71,749
Wuhu Chery Technology Co., Ltd.	236,128	56,763	—
South East (Fujian) Motor Co., Ltd.	—	322,371	268,549
Dazhuo Intelligent Technology Co., Ltd.	—	37,929	26,183
Chery Commercial Vehicle (Shandong) Technology Co., Ltd.	—	—	3,174
Anhui Zhijie New Energy Vehicle Co., Ltd.	—	—	121,589
	<u>2,783,016</u>	<u>4,348,891</u>	<u>4,648,710</u>
Rendering of research and development services:			
Chery Automobile Co., Ltd.	12,179	42,187	20,789
Chery New Energy Automotive Co., Ltd.	8,500	2,900	3,600
Chery Commercial Vehicle (Anhui) Company Limited.	5,303	1,152	1,942
	<u>25,982</u>	<u>46,239</u>	<u>26,331</u>

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Procurement transactions:			
Chery Automobile Co., Ltd.	4,825	9,226	56,412
Chery Automobile Henan Co., Ltd.	166	30	—
Chery Commercial Vehicle (Anhui) Company Limited.	26	111	—
Wuhu Chery Automotive Parts Procurement Co., Ltd.	2,165	2,721	—
Chery New Energy Automotive Co., Ltd.	617	546	268
Chery (Dalian) Auto Parts Industrial Park Co., Ltd.	—	141	1,679
South East (Fujian) Motor Co., Ltd.	—	—	683
	<u>7,799</u>	<u>12,775</u>	<u>59,042</u>
Leases expenses:			
Chery (Dalian) Auto Parts Industrial Park Co., Ltd.	—	46	117
	<u>—</u>	<u>46</u>	<u>117</u>

(c) Balances with related parties

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables:			
Wuhu Chery Automotive Parts Procurement Co., Ltd.	397,286	186,835	—
Wuhu Chery Technology Co., Ltd.	59,243	6,887	738
Chery Commercial Vehicle (Anhui) Company Limited.	33,136	5,449	3,820
Chery New Energy Automotive Co., Ltd.	62,959	103,381	65,553
Chery Automobile Co., Ltd.	297,708	1,008,371	971,623
Chery Automobile Henan Co., Ltd.	115	102	105
Wuhu Da Ao Automotive Intelligent Chassis Systems Co., Ltd. (Former name: Dao (Wuhu) Automotive Parts Co., Ltd.)	17,379	39,624	33,140
Chery Wanda Guizhou Bus Co., Ltd.	—	—	—
South East (Fujian) Motor Co., Ltd.	—	70,071	90,511
Dazhuo Intelligent Technology Co., Ltd.	—	34,247	1,794
Anhui Zhijie New Energy Vehicle Co., Ltd.	—	—	62,739
Chery Commercial Vehicle (Shandong) Technology Co., Ltd.	—	—	3,427
	<u>867,826</u>	<u>1,454,967</u>	<u>1,233,450</u>

Note: The balances were trade in nature.

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	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Notes receivables:			
Wuhu Chery Automotive Parts Procurement Co., Ltd.	209,427	172,968	—
Chery Commercial Vehicle (Anhui) Company Limited.	32,890	197	—
Chery New Energy Automotive Co., Ltd.	10,786	60,364	26,217
Chery Automobile Co., Ltd.	43,805	266,010	199,361
Chery Automobile Henan Co., Ltd.	633	802	—
Wuhu Jietu Automobile Sales Co., Ltd.(Former name: Anhui Chery Commercial Vehicle Sales Co., Ltd.)	—	73,771	—
South East (Fujian) Motor Co., Ltd..	—	—	8,934
	<u>297,541</u>	<u>574,112</u>	<u>234,512</u>

Note: The balances were trade in nature.

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Notes receivables measured at FVTOCI:			
Anhui Chery Automobile Sales Co., Ltd.	—	—	698,912
Chery Automobile Co., Ltd.	—	—	320
	<u>—</u>	<u>—</u>	<u>699,232</u>

Note: The balances were trade in nature.

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Prepayments, other receivables and other assets:			
Chery (Dalian) Auto Parts Industrial Park Co., Ltd.	—	223	320
Chery Automobile Co., Ltd.	—	—	3
Yuan Yongbin.	—	14	—
	<u>—</u>	<u>237</u>	<u>323</u>

Note: The balances in non-trade nature were approximately nil, RMB14,000 and nil, respectively as of December 31, 2023, 2024 and 2025. The remaining balances were trade in nature.

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables:			
Chery Automobile Co., Ltd.	240	147	272
South East (Fujian) Motor Co., Ltd..	—	444	—
Chery (Dalian) Auto Parts Industrial Park Co., Ltd..	—	30	23
Chery Automobile Henan Co., Ltd.	1	—	—
	<u>241</u>	<u>621</u>	<u>295</u>

Note: The balances were trade in nature.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities:			
Chery Automobile Henan Co., Ltd.	—	514	—
Wuhu Chery Technology Co., Ltd..	—	12	6
Chery Automobile Co., Ltd.	—	52	6,818
Chery New Energy Automotive Co., Ltd.. . . .	—	29	—
South East (Fujian) Motor Co., Ltd..	—	—	14,035
Chery Commercial Vehicle (Anhui) Company Limited.	—	—	7
	<u>—</u>	<u>607</u>	<u>20,866</u>

Note: The balances were trade in nature.

(d) Compensation of key management personnel of the Group:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees.	600	755	838
Salaries, allowances, bonuses and benefits in kind	11,474	8,865	7,793
Retirement scheme contributions	194	196	208
Share-based payment expenses	96	60	21
Total compensation of key management personnel	<u>12,364</u>	<u>9,876</u>	<u>8,860</u>

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42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument as at the end of each year for the reporting period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost			
— Trade and notes receivables	2,646,126	4,135,697	3,908,601
— Other receivables	12,495	15,147	23,214
— Restricted bank deposits	86,717	49,724	14,621
— Time deposits	—	—	634,545
— Cash at bank and on hand	2,252,827	2,135,307	1,767,075
Financial assets at FVTPL			
— Bank WMPs and structured deposits . . .	213,744	92,841	420,838
— Unlisted equity instruments	—	100,000	165,993
— Listed equity instruments	899	721	—
— Fund products	—	—	1,789,301
— Income certificates	—	—	301,994
Financial assets at FVTOCI			
— Notes receivables measured at FVTOCI .	1,300,431	1,098,797	2,108,214
— Unlisted equity instruments	60,231	72,633	84,137
	<u>6,573,470</u>	<u>7,700,867</u>	<u>11,218,533</u>
Financial liabilities			
Financial liabilities measured at amortised cost			
— Financial liabilities included in trade, notes and other payables	3,822,183	5,002,990	5,427,110
— Bonds payable	—	—	2,593,601
— Borrowings	343,599	99,273	78,743
— Lease liabilities	4,830	5,053	14,992
	<u>4,170,612</u>	<u>5,107,316</u>	<u>8,114,446</u>

43. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3 : significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

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The table below analyses the Group’s financial instruments carried at fair value as at December 31, 2023, 2024 and 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

(a) Fair value hierarchy

As at December 31, 2023, 2024 and 2025, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023				
Financial assets at FVTPL				
— Listed equity instruments	899	—	—	899
— Bank WMPs and structured deposits	—	213,744	—	213,744
Financial assets at FVTOCI				
— Unlisted equity instruments	—	—	60,231	60,231
— Notes receivables measured at FVTOCI	—	—	1,300,431	1,300,431
	<u>899</u>	<u>213,744</u>	<u>1,360,662</u>	<u>1,575,305</u>
As at December 31, 2024				
Financial assets at FVTPL				
— Listed equity instruments	721	—	—	721
— Bank WMPs and structured deposits	—	92,841	—	92,841
— Unlisted equity instruments	—	—	100,000	100,000
Financial assets at FVTOCI				
— Unlisted equity instruments	—	—	72,633	72,633
— Notes receivables measured at FVTOCI	—	—	1,098,797	1,098,797
	<u>721</u>	<u>92,841</u>	<u>1,271,430</u>	<u>1,364,992</u>

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	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2025				
Financial assets at FVTPL				
— Bank WMPs and structured deposits	—	420,838	—	420,838
— Fund products	—	1,789,301	—	1,789,301
— Income certificates	—	301,994	—	301,994
— Unlisted equity instruments	—	—	165,993	165,993
Financial assets at FVTOCI				
— Unlisted equity instruments	—	—	84,137	84,137
— Notes receivables measured at FVTOCI	—	—	2,108,214	2,108,214
	—	2,512,133	2,358,344	4,870,477

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price, and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly include discounted cash flow approach and market approach. The inputs of the valuation technique mainly include net assets value, recent transaction price, discount for lack of marketability and discount rate.

Assets subject to Level 3 fair value measurement mainly included notes receivables measured at FVTOCI, equity investments in unlisted entities at FVTPL and FVTOCI. These assets and liabilities were measured mainly using discounted cash flow approach and market approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the Track Record Period, there was no transfer between Level 1 and Level 2 and between Level 2 and Level 3.

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The quantitative information of fair value measurements as at December 31, 2023, 2024 and 2025 for Level 3 is as follows:

	Fair value hierarchy	As at December 31,			Valuation technique and key input(s)	Impact of significant unobservable input(s)	Range of inputs	Sensitivity of fair value to the input
		2023	2024	2025				
		RMB'000	RMB'000	RMB'000				
Financial assets at FVTPL								
— Unlisted equity instruments — Shanghai Volant .	Level 3	—	—	50,000	Market approach, recent transaction price	The higher the recent transaction price, the higher the fair value	N/A	N/A
— Unlisted equity instruments — Changan Kaicheng . . .	Level 3	—	100,000	115,993	Market approach, recent transaction price; Market approach, discount for lack of marketability	The higher the recent transaction price, the higher the fair value; The higher the discount for lack of marketability, the lower the fair value	N/A; 25.65%	N/A; A 10% increase or decrease in the discount for lack of marketability as at December 31, 2025 would result in a corresponding decrease or increase in the fair value of such assets by RMB4,002,000.
Financial assets at FVTOCI								
— Unlisted equity instruments . . .	Level 3	60,231	72,633	84,137	Adjusted net asset value	The higher the adjusted net asset value of the underlying investments, the higher the fair value	N/A	N/A
— Notes receivables measured at FVTOCI . . .	Level 3	1,300,431	1,098,797	2,108,214	Discounted cash flow	The higher the discounted rate, the lower the fair value	0.29%-2.4%	A 10% increase or decrease in the discount rate as at December 31, 2023, 2024 and 2025 would result in a corresponding decrease or increase in the fair value of such assets by RMB430,000/RMB431,000, RMB372,000/RMB373,000 and RMB420,000/RMB420,000, respectively.
		1,360,662	1,271,430	2,358,344				

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(c) Fair value measurements using significant unobservable inputs (level 3)

	Unlisted equity instruments at FVTPL	Notes receivables measured at FVTOCI	Unlisted equity instruments at FVTOCI
	RMB'000	RMB'000	RMB'000
As at January 1, 2023	—	811,502	65,852
Acquisitions	—	4,165,616	—
Disposals/Settlements	—	(3,676,687)	(13,800)
Fair value gains	—	—	8,179
As at December 31, 2023	—	1,300,431	60,231
As at January 1, 2024	—	1,300,431	60,231
Additions	100,000	5,874,226	30,000
Disposals/Settlements	—	(6,075,860)	(3,300)
Fair value losses	—	—	(14,298)
As at December 31, 2024	100,000	1,098,797	72,633
As at January 1, 2025	100,000	1,098,797	72,633
Additions	50,000	9,614,999	—
Disposals/Settlements	—	(8,605,582)	(187)
Fair value gains	15,993	—	11,691
As at December 31, 2025	165,993	2,108,214	84,137

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Group mainly comprise cash at bank and on hand, time deposits, restricted bank deposits, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, borrowings and bonds payable, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade, notes and other receivables, trade, notes and other payables, which arise directly from its operations.

The risks of the Group’s financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at December 31, 2023, 2024 and 2025, the Group’s major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD	EUR	MXN
	RMB'000	RMB'000	RMB'000
As at December 31, 2023			
Assets	225,410	1,507	270
Liabilities	(25,094)	(35,611)	—
Net exposure	200,316	(34,104)	270

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	USD	EUR	MXN
	RMB'000	RMB'000	RMB'000
As at December 31, 2024			
Assets	283,960	9,770	1,898
Liabilities.	(163,077)	(5,806)	(8,864)
Net exposure	120,883	3,964	(6,966)
As at December 31, 2025			
Assets	1,445,747	52,924	3,272
Liabilities.	(1,016,611)	(44,850)	(15,443)
Net exposure	429,136	8,074	(12,171)

Sensitivity analysis

The following table details the Group’s sensitivity to a 10% increase and decrease in RMB against USD, EUR, and MXN. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding USD, EUR, and MXN denominated monetary items and adjusts their translation at the end of each year for the Track Record Period for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit before income tax where RMB strengthen 10% against USD, EUR, and MXN. For a 10% weakening of RMB against USD, EUR and MXN, there would be an equal and opposite impact on the profit before income tax and the amounts below would be positive.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
USD	(20,032)	(12,088)	(42,914)
EUR	3,410	(396)	(807)
MXN.	(27)	697	1,217

Price risk

The Group is exposed to equity price risk mainly arising from listed equity instruments held by the Group that are classified as FVTPL. To manage its price risk arising from the listed equity instruments, the Group diversifies its investment portfolio. The investments are made for strategic purposes. Each investment is managed by management of the Group on a case-by-case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group’s financial results to equity price risk of financial assets at FVTPL at the end of each reporting period. If prices of the respective listed instruments held by the Group had increased/decreased by 10% as at December 31, 2023, 2024 and 2025, with all other variable held constant, pre-tax profit would increase/decrease by approximately RMB90,000, RMB72,000 and nil, respectively, as a result of gains/losses on listed equity instruments classified as FVTPL.

Interest rate risk

The Group’s interest rate risk primarily arises from long-term interest-bearing borrowings with a floating interest rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts.

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The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group.

The following tables list out the interest rate profiles of the Group’s variables interest-bearing financial instruments as at December 31, 2023, 2024 and 2025:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Floating rate instruments			
— Borrowings	59,395	59,468	49,735

The benchmark rates of floating rate borrowings were 1-year Loan Prime Rate (“LPR”) as at December 31, 2023, 2024 and 2025. The interest rates of floating rate borrowings as at December 31, 2023, 2024 and 2025 was 3.20%, 3.00% and 2.65%, respectively. If interest rates of floating rate instruments had been 100 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher by approximately RMB408,000, RMB594,000 and RMB495,000 as at December 31, 2023, 2024 and 2025, respectively.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

The Group’s maximum exposure to credit risk is represented by cash at bank and on hand, time deposits, restricted bank deposits, trade receivables, notes receivables and other receivables, as disclosed in Note 42 to the Historical Financial Information. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group has concentration of credit risk as 41.72%, 47.54% and 35.12% of the total trade and notes receivables was due from the Group’s largest customer as at December 31, 2023, 2024 and 2025, respectively. The Group has concentration of credit risk as 72.36%, 76.76% and 69.52% of the total trade and notes receivables was due from the Group’s five largest customers as at December 31, 2023, 2024 and 2025, respectively.

As at December 31, 2023, 2024 and 2025, The Group has no other credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk.

(a) Cash at bank and on hand, time deposits and restricted bank deposits

To manage risk arising from cash at bank and on hand, time deposits and restricted cash, the Group only transacts with state-owned or reputable 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 counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Cash at bank and on hand and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

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(b) Trade receivables, notes receivables and notes receivables measured at FVOCI

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. To measure the expected credit losses, trade and notes receivables have been grouped based on shared credit risk characteristics and ageing.

The expected loss rates are determined by reference to the credit rating analysis of respective customers and external data or based on the payment profiles of sales over a period before the respective period ends and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (“GDP”) and inflation rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that there will be difficulty in recovering the amounts of the receivables partially or entirely and has recognised impairment losses.

The Group’s trade receivables as described in Note 21 mainly represented receivables received from the sales of goods to customers.

Trade and notes receivables

Except for trade and notes receivables assessed for credit risk on an individual basis, the Group groups its trade and notes receivables portfolios based on common credit risk characteristics.

As at December 31, 2023, 2024 and 2025, the allowance for impairment for the trade and notes receivables were determined as follows:

	Gross carrying amount	Allowance for impairment	Expected loss rate
	RMB’000	RMB’000	%
As at 31 December 2023			
Assessed based on common credit risk.	2,783,502	139,453	5.01
Assessed individually	157,542	155,465	98.68
	<u>2,941,044</u>	<u>294,918</u>	<u>10.03</u>
As at 31 December 2024			
Assessed based on common credit risk.	4,351,365	219,784	5.05
Assessed individually	160,585	156,469	97.44
	<u>4,511,950</u>	<u>376,253</u>	<u>8.34</u>
As at 31 December 2025			
Assessed based on common credit risk	4,116,043	207,442	5.04
Assessed individually	160,838	160,838	100.00
	<u>4,276,881</u>	<u>368,280</u>	<u>8.61</u>

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Notes receivables measured at FVTOCI

All of notes receivables measured at FVTOCI were issued by banks. Notes receivables measured at FVTOCI are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Accordingly, the impairment provision is immaterial.

Other receivables

Over the term of other receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, the Group compares the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available).
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations.
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity, hence the ECL is minimal. The impairment on other receivables as stated in Note 22 to the Historical Financial Information, which were accounted for as at amortised cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the impairment for other receivables as at December 31, 2023, 2024 and 2025, the balances of other receivables are classified as Stage 1 without any significant increase in credit risk tracked since initial recognition:

	Gross carrying amount	Allowance for impairment	Expected loss rate
	RMB’000	RMB’000	%
As at December 31, 2023			
Other receivables	16,045	(3,550)	22.13
As at December 31, 2024			
Other receivables	20,084	(4,937)	24.58
As at 31 December 2025			
Other receivables	27,241	(4,027)	14.78

Liquidity risk

The Group aims to maintain sufficient cash at bank and on hand. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group’s financial liabilities by relevant maturity groupings based on

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the remaining period since the end of each year for the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2023					
Financial liabilities included in trade, notes and other payables	3,700,693	—	50,160	71,330	3,822,183
Borrowings	286,033	11,466	20,937	30,331	348,767
Lease liabilities	2,643	2,398	—	—	5,041
	<u>3,989,369</u>	<u>13,864</u>	<u>71,097</u>	<u>101,661</u>	<u>4,175,991</u>
As at December 31, 2024					
Financial liabilities included in trade, notes and other payables	4,881,500	50,160	—	71,330	5,002,990
Borrowings	31,699	23,287	33,740	14,929	103,655
Lease liabilities	3,281	588	588	882	5,339
	<u>4,916,480</u>	<u>74,035</u>	<u>34,328</u>	<u>87,141</u>	<u>5,111,984</u>
As at December 31, 2025					
Financial liabilities included in trade, notes and other payables	5,354,764	—	16,000	56,346	5,427,110
Borrowings	32,522	33,706	14,929	—	81,157
Lease liabilities	3,946	3,922	3,794	4,715	16,377
Bonds payable	2,802	8,406	16,812	3,152,250	3,180,270
	<u>5,394,034</u>	<u>46,034</u>	<u>51,535</u>	<u>3,213,311</u>	<u>8,704,914</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	10,746,749	12,786,037	17,275,682
Total liabilities	4,692,941	5,845,773	8,860,962
Liability-to-asset ratio	<u>43.67%</u>	<u>45.72%</u>	<u>51.29%</u>

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45. CONTINGENT LIABILITY

As of December 31, 2023, 2024 and 2025, the Group has no significant outstanding litigation or contingent liability that in the opinion of the directors of the Company would have material impact to the Group’s financial position.

46. EVENT AFTER THE END OF THE REPORTING PERIOD

- (i) On February 25, 2026 and April 28, 2026, the Company entered into a share transfer agreement and a supplemental agreement with the four existing shareholders of Yubei Steering System (Xinxiang) Co., Ltd. (“**Yubei Steering**”), pursuant to which each of the four existing shareholders (all being Independent Third Parties) of Yubei Steering conditionally agreed to transfer and the Company conditionally agreed to acquire 30.4365%, 15.0817%, 3.6364% and 1.8182% equity interest in Yubei Steering, respectively (the “**Acquisition**”) at a consideration of RMB669,602,185, RMB331,797,815, RMB80,000,000 and RMB40,000,000, respectively. As of the date of this report, the Acquisition has not been completed. Upon completion, Yubei Steering will be owned as to 50.9727% by the Company and become a non-wholly-owned subsidiary of the Group.
- (ii) Pursuant to the profit distribution proposal for the year ended December 31, 2025 approved by the shareholders at the Annual General Meeting held on April 20, 2026, the Company will distribute a cash dividend of RMB3.8 (tax inclusive) per 10 shares of the Company. Based on the Company’s issued share capital of 606,513,139 shares as at April 30, 2026, the total cash dividend payable is approximately RMB230,475,000. In addition, the Company will capitalise its capital reserve by way of a bonus issue of 4.8 new shares for every 10 existing shares held by the shareholders (the “**Capitalisation**”). Based on the Company’s issued share capital of 606,513,139 shares as at April 30, 2026, the issued share capital of the Company will increase to 897,639,446 shares upon completion of the capitalisation.

Other than the events disclosed above and in Note 17, the Group has no other significant event subsequent to December 31, 2025.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to December 31, 2025.

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ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The following is the text of a report set out on pages IB-[1] to IB-[81], received from the Company’s reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION OF YUBEI STEERING SYSTEM (XINXIANG) CO., LTD. TO THE DIRECTORS OF BETHEL AUTOMOTIVE SAFETY SYSTEMS CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Yubei Steering System (Xinxiang) Co., Ltd. (the “**Target Company**”) and its subsidiaries (together, the “**Target Group**”) set out on pages IB-[3] to IB-[81], which comprises the consolidated statements of financial position of the Target Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Target Company as at December 31, 2023, 2024 and 2025 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended December 31, 2023, 2024 and 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IB-[3] to IB-[81] forms an integral part of this report, which has been prepared for inclusion in the document of Bethel Automotive Safety Systems Co., Ltd. (the “**Company**”) dated [•] (the “**Document**”) in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

The consolidated financial statements of the Target Group for the Track Record Period (“**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation and fair presentation of the Underlying Financial Statements in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Target Group’s consolidated financial position as at December 31, 2023, 2024 and 2025, the Target Company’s financial position as at December 31, 2023, 2024 and 2025, and of the consolidated financial performance and consolidated cash flows of the Target Group for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

Dividends

We refer to Note 17 to the Historical Financial Information which contains information about the dividends declared and paid by the Target Company in respect of the Track Record Period.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

[•]

Practicing Certificate Number: [•]

Hong Kong

[Date]

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The Underlying Financial Statements on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the IASB and were audited by Rongcheng (Hong Kong) CPA Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended December 31		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	5	3,028,834	2,974,505	3,138,997
Cost of sales	8	(2,790,427)	(2,691,964)	(2,766,598)
Gross profit		238,407	282,541	372,399
Other income	6	57,905	75,479	54,706
Other (losses) and gains, net	7	(3,762)	88	(3,672)
Research and development expenses	8	(81,437)	(79,832)	(125,966)
General and administrative expenses	8	(99,504)	(107,564)	(117,327)
Selling expenses	8	(65,640)	(65,126)	(76,626)
Net impairment losses recognised on				
financial assets	20, 21	(8,966)	(18,470)	(37)
Finance costs	10	(6,793)	(6,774)	(7,969)
Share of results of associates and joint				
ventures, net	16	55,259	58,233	59,700
Profit before income tax		85,469	138,575	155,208
Income tax credit/(expense)	11	4,525	(4,313)	1,744
Profit for the year		89,994	134,262	156,952
Profit/(loss) for the year attributable to:				
Owners of the Target Company		90,587	134,799	158,103
Non-controlling interests		(593)	(537)	(1,151)
		89,994	134,262	156,952
Other comprehensive income/(loss) for the year, net of tax				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of financial statements of foreign operations, net of tax		17	1	(15)
Total comprehensive income for the year .		90,011	134,263	156,937
Total comprehensive income/(loss) for the year attributable to:				
Owners of the Target Company		90,604	134,800	158,088
Non-controlling interests		(593)	(537)	(1,151)
		90,011	134,263	156,937

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
	Notes			
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	12	567,548	569,820	522,590
Right-of-use assets	13	54,787	50,354	48,674
Intangible assets	14	25,439	23,848	23,993
Investment properties	15	1,951	1,836	820
Investments in associates and joint ventures .	16	291,329	317,658	378,626
Prepayments	21	42,783	6,942	39,473
Deferred tax assets	24	53,697	62,961	70,970
		<u>1,037,534</u>	<u>1,033,419</u>	<u>1,085,146</u>
Current assets				
Inventories	19	200,482	220,192	257,644
Trade and notes receivables	20	882,988	1,009,190	1,017,012
Prepayments, other receivables and other assets	21	15,907	29,006	26,088
Financial assets at fair value through other comprehensive income	18	390,518	397,436	760,007
Restricted bank deposits	22	288,582	395,461	430,314
Prepaid income tax		—	—	19
Cash at bank and on hand	23	90,380	215,066	248,614
		<u>1,868,857</u>	<u>2,266,351</u>	<u>2,739,698</u>
Current liabilities				
Trade, notes and other payables	25	1,961,852	2,106,149	2,181,323
Contract liabilities	26	22,925	21,825	25,667
Borrowings	27	83	44,654	392,729
Lease liabilities	13	4,097	2,034	1,000
Income tax payable		4,785	11,404	392
		<u>1,993,742</u>	<u>2,186,066</u>	<u>2,601,111</u>
Net current (liabilities)/assets		<u>(124,885)</u>	<u>80,285</u>	<u>138,587</u>
Total assets less current liabilities		<u>912,649</u>	<u>1,113,704</u>	<u>1,223,733</u>
Non-current liabilities				
Borrowings	27	90,000	174,000	138,600
Lease liabilities	13	1,510	—	979
Deferred income	28	15,304	11,423	11,451
Provision	29	88,671	91,057	119,069
Deferred tax liabilities	24	—	—	9
		<u>195,485</u>	<u>276,480</u>	<u>270,108</u>
Net assets		<u>717,164</u>	<u>837,224</u>	<u>953,625</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

		As at December 31		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
EQUITY	<i>Notes</i>			
Share capital	30	199,342	199,342	199,342
Other reserves	32	326,553	338,464	353,490
Retained earnings	32	191,092	299,347	399,334
Equity attributable to owners of the Target				
Company		716,987	837,153	952,166
Non-controlling interests		177	71	1,459
Total equity.		717,164	837,224	953,625

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at December 31		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	12	516,488	490,212	451,342
Right-of-use assets	13	48,367	46,898	45,429
Intangible assets	14	12,897	11,751	23,774
Investment properties	15	1,951	1,836	820
Investments in associates and joint ventures .	16	285,335	312,790	372,877
Investments in subsidiaries		180,315	207,315	210,815
Prepayments	21	22,729	5,556	39,371
Deferred tax assets	24	50,156	54,404	59,608
		1,118,238	1,130,762	1,204,036
Current assets				
Inventories	19	188,826	199,856	256,601
Trade and notes receivables	20	852,700	973,476	1,000,643
Prepayments, other receivables and other assets	21	11,410	19,825	16,670
Financial assets at fair value through other comprehensive income	18	387,484	393,177	760,007
Restricted bank deposits	22	276,752	379,975	430,314
Cash at bank and on hand	23	73,384	197,371	211,426
		1,790,556	2,163,680	2,675,661
Current liabilities				
Trade, notes and other payables	25	1,921,890	2,039,904	2,154,578
Contract liabilities	26	21,670	20,437	20,994
Borrowings	27	35,083	69,654	427,729
Income tax payable		4,752	11,377	392
		1,983,395	2,141,372	2,603,693
Net current (liabilities)/assets		(192,839)	22,308	71,968
Total assets less current liabilities		925,399	1,153,070	1,276,004
Non-current liabilities				
Borrowings	27	90,000	174,000	138,600
Deferred income	28	15,304	11,423	11,451
Provision	29	87,101	88,725	116,814
		192,405	274,148	266,865
Net assets		732,994	878,922	1,009,139
EQUITY				
Share capital	30	199,342	199,342	199,342
Other reserves	32	278,071	288,655	303,856
Retained earnings	32	255,581	390,925	505,941
Total equity		732,994	878,922	1,009,139

APPENDIX IB

ACCOUNTANTS’ REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target Company								
	Share capital	Capital reserve	Special reserve	Other comprehensive income reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 Note 30	RMB'000	RMB'000 Note (c)	RMB'000 Note (a)	RMB'000 Note (b)	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	199,342	273,983	32,202	43	9,870	151,541	666,981	770	667,751
Profit/(loss) for the year	—	—	—	—	—	90,587	90,587	(593)	89,994
Other comprehensive income for the year:									
Exchange differences on translation of financial statements of foreign operations, net of tax	—	—	—	17	—	—	17	—	17
Total comprehensive income/(loss) for the year	—	—	—	17	—	90,587	90,604	(593)	90,011
Appropriation of safety production fund	—	—	1,422	—	—	—	1,422	—	1,422
Utilisation of safety production fund	—	—	(3,800)	—	—	—	(3,800)	—	(3,800)
Share-based payment expenses (Note 31)	—	699	—	—	—	—	699	—	699
Dividend declared (Note 17)	—	—	—	—	—	(39,868)	(39,868)	—	(39,868)
Appropriation of statutory reserve	—	—	—	—	11,168	(11,168)	—	—	—
Share of special reserve of associates and joint ventures (Note 16)	—	949	—	—	—	—	949	—	949
As at December 31, 2023	199,342	275,631	29,824	60	21,038	191,092	716,987	177	717,164

	Attributable to owners of the Target Company								
	Share capital	Capital reserve	Special reserve	Other comprehensive income reserve	Statutory reserve	Retained earnings	Non-controlling interests		Total equity
	RMB'000 Note 30	RMB'000	RMB'000 Note (c)	RMB'000 Note (a)	RMB'000 Note (b)	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	199,342	275,631	29,824	60	21,038	191,092	716,987	177	717,164
Profit/(loss) for the year	—	—	—	—	—	134,799	134,799	(537)	134,262
Other comprehensive income for the year:									
Exchange differences on translation of financial statements of foreign operations, net of tax	—	—	—	1	—	—	1	—	1
Total comprehensive income/(loss) for the year	—	—	—	1	—	134,799	134,800	(537)	134,263
Appropriation of safety production fund	—	—	1,491	—	—	—	1,491	—	1,491
Utilisation of safety production fund	—	—	(6,026)	—	—	—	(6,026)	—	(6,026)
Share-based payment expenses (Note 31)	—	2,236	—	—	—	—	2,236	—	2,236
Dividend declared (Note 17)	—	—	—	—	—	(9,967)	(9,967)	—	(9,967)
Appropriation of statutory reserve	—	—	—	—	16,146	(16,146)	—	—	—
Share of special reserve of associates and joint ventures (Note 16)	—	931	—	—	—	—	931	—	931
Disposal of associate	—	(2,868)	—	—	—	—	(2,868)	—	(2,868)
Transaction with non-controlling shareholder (Note (d))	—	—	—	—	—	(431)	(431)	431	—
As at December 31, 2024	199,342	275,930	25,289	61	37,184	299,347	837,153	71	837,224

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ACCOUNTANTS’ REPORT OF THE TARGET GROUP

	Attributable to owners of the Target Company								
	Share capital	Capital reserve	Special reserve	Other comprehensive income		Retained earnings	Non-controlling		Total equity
				reserve	Statutory reserve		Sub-total	interests	
				reserve	reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30		Note (c)	Note (a)	Note (b)				
As at January 1, 2025	199,342	275,930	25,289	61	37,184	299,347	837,153	71	837,224
Profit/(loss) for the year	—	—	—	—	—	158,103	158,103	(1,151)	156,952
Other comprehensive loss for the year:									
Exchange differences on translation of financial statements of foreign operations, net of tax	—	—	—	(15)	—	—	(15)	—	(15)
Total comprehensive income/(loss) for the year	—	—	—	(15)	—	158,103	158,088	(1,151)	156,937
Appropriation of safety production fund	—	—	1,705	—	—	—	1,705	—	1,705
Utilisation of safety production fund	—	—	(5,876)	—	—	—	(5,876)	—	(5,876)
Share-based payment expenses (Note 31)	—	1,555	—	—	—	—	1,555	—	1,555
Dividend declared (Note 17)	—	—	—	—	—	(39,868)	(39,868)	—	(39,868)
Appropriation of statutory reserve	—	—	—	—	17,209	(17,209)	—	—	—
Share of special reserve of associates and joint ventures (Note 16)	—	448	—	—	—	—	448	—	448
Capital contribution from non-controlling shareholder of a newly established subsidiary	—	—	—	—	—	—	—	1,500	1,500
Transaction with non-controlling shareholder (Note (d))	—	—	—	—	—	(1,039)	(1,039)	1,039	—
As at December 31, 2025	199,342	277,933	21,118	46	54,393	399,334	952,166	1,459	953,625

Notes:

- (a) Other comprehensive income reserve is the reserve due to the translation of financial statements of foreign operations.
- (b) It represents the statutory reserve of the Target Company established in the People’s Republic of China (“PRC”).
- (c) Pursuant to certain regulations issued by the Ministry of Finance and the Ministry of Emergency Management of the PRC, the Target Group is required to set aside an amount for maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.
- (d) During the year, the Target Group and non-controlling shareholder conducted a non-pro-rata capital increase in a subsidiary, which was accounted for as an equity transaction and no gain or loss was recognised in profit or loss.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Operating activities			
Profit before income tax	85,469	138,575	155,208
Adjustments for:			
Share of profits of associates and joint ventures, net	(55,259)	(58,233)	(59,700)
Depreciation of property, plant and equipment (Note 12)	85,770	94,652	92,704
Depreciation of investment properties (Note 15).	115	115	1,016
Depreciation of right-of-use assets (Note 13).	5,719	5,062	4,340
Amortisation of intangible assets (Note 14).	3,195	3,494	3,554
Net gains on disposal of financial assets at FVTPL	(199)	—	—
Net gains on disposal of investments in associate (Note 7)	—	(4,979)	—
Impairment losses on property, plant and equipment (Note 12)	155	—	184
Net (gains)/losses on disposal of property, plant and equipment and right-of-use assets (Note 7).	(1,016)	387	1,323
Net impairment losses recognised on inventories (Note 8).	14,989	16,682	18,248
Finance costs (Note 10).	6,793	6,774	7,969
Net impairment losses recognised on financial assets	8,966	18,470	37
Share-based payment expenses (Note 31)	699	2,236	1,555
Amortisation of deferred government grants (Note 6)	(4,659)	(3,881)	(3,717)
Appropriation of safety production fund	1,422	1,491	1,705
Increase in trade and notes receivables	(226,606)	(144,346)	(7,718)
Increase in financial assets at fair value through other comprehensive income.	(83,322)	(6,918)	(362,571)
Decrease/(increase) in prepayments, other receivables and other assets	41,523	(580)	(9,844)
Decrease/(increase) in inventories.	115,341	(36,392)	(55,700)
Increase in trade, notes and other payables	47,021	94,271	49,854
Increase /(decrease) in contract liabilities	20,490	(1,100)	3,842
Increase in deferred income	—	—	3,745
(Decrease)/ increase in provisions	(4,757)	2,386	28,012
Increase in restricted bank deposits	(12,729)	(107,824)	(28,383)
Cash generated from/(used in) operations	49,120	20,342	(154,337)
Income tax paid	(215)	(6,958)	(17,367)
Net cash flows generated from/(used in) operating activities	48,905	13,384	(171,704)

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investing activities			
Purchase of property, plant and equipment . . .	(62,385)	(17,664)	(59,566)
Purchase of intangible assets	(4,564)	(2,990)	(6,116)
Purchase of bank wealth management products	(8,500)	—	—
Proceeds from disposal of property, plant and equipment	2,262	2,653	79
Proceeds from disposal of investments in associate	—	20,259	13,506
Interest received	199	—	—
Dividends received	32,934	—	—
Proceeds from sale of bank wealth management products	20,310	—	—
Net cash flow (used in)/ generated from investing activities	(19,744)	2,258	(52,097)
Financing activities			
Capital contribution from non-controlling shareholder	—	—	1,500
Proceeds from borrowings	270,000	150,000	450,000
Withdrawal of restricted bank deposits	20,021	25,945	2,958
Repayment of borrowings	(240,000)	(21,500)	(137,500)
Interest paid	(6,385)	(6,606)	(7,752)
Dividends paid	(39,868)	(9,967)	(39,868)
Principal portion of lease payments	(3,927)	(4,207)	(2,674)
Placement of restricted bank deposits	(27,081)	(25,000)	(9,428)
Net cash flows (used in)/generated from financing activities	(27,240)	108,665	257,236
Increase in cash and cash equivalents	1,921	124,307	33,435
Cash and cash equivalents at beginning of year (Note 23)	88,314	90,380	215,066
Effect of foreign exchange rate changes, net	145	379	113
Cash and cash equivalents at end of year (Note 23)	90,380	215,066	248,614

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was a limited liability company incorporated in the PRC on March 15, 2007 and changed to a joint stock limited company on December 22, 2022. The address of the Target Company’s registered office and its principal place of business is No. 2398, Muye Avenue, High-tech Zone, Xinxiang City, Henan Province, China.

During the Track Record Period, the Target Company and its subsidiaries are principally engaged in the research and development, manufacturing and sales of automotive steering systems and key components, including electric power steering systems, recirculating ball power steering gears, rack and pinion power steering gears and other steering-related components. The Target Company’s products are mainly supplied to brand car manufacturers and cover passenger vehicles, commercial vehicles and new energy vehicles.

The Target Company is jointly controlled by Mr. Zhang Chongjun and his spouse, Ms. Gou Lin, who are the ultimate controlling persons of the Target Company. As at December 31, 2025, through their respective holding platforms, Hubei Dongjun Industrial and Commercial Co., Ltd. and Joyhigh Industrial Limited, Mr. Zhang Chongjun and Ms. Gou Lin indirectly hold 13.63% and 30.44% of the Target Company’s shares, respectively, aggregating 44.07% of the total share capital of the Target Company.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IAS”) and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The material accounting policy information that has been used in the preparation of this Historical Financial Information are disclosed in Note 3.2. These accounting policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by the Target Group in the preparation of the Historical Financial Information throughout the Track Record Period. The adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of the Target Group during the Track Record Period.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Annual Improvements to IFRSs	Annual Improvements to IFRS Accounting Standards — Volume 11 ¹
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²

1 Effective for accounting periods beginning on or after January 1, 2026

2 Effective for accounting periods beginning on or after January 1, 2027

3 Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of the Target Company anticipate that the application of all the other new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Target Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for accounting periods beginning on or after 1 January 2027, with early application permitted. The application of IFRS 18 has no impact on the Target Group’s financial positions and has impact on presentation of the consolidated statements of comprehensive income.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

Subsidiaries are all entities over which the Target Group has control. The Target Group controls an entity when the Target Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Target Group. They are deconsolidated from the date that control ceases.

APPENDIX IB

ACCOUNTANTS' REPORT OF THE TARGET GROUP

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group assets are reversed in consolidation, the underlying asset is also tested for impairment from the Target Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Target Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated balance sheets, respectively.

In the Target Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Foreign currency translation

The Historical Financial Information is presented in RMB, which is also the functional currency of the Target Company. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Target Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of

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operating in the manner intended by the Target Group’s management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Buildings	20 years
Machinery and equipment	5–20 years
Transportation equipment	5–10 years
Electronic equipment and others	3–20 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year for the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Right-of-use assets

Accounting policies of right-of-use assets (other than prepaid land lease payments) are set out in “Leases” below.

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	3–5 years
Land use rights	50 years

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Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

	<u>Amortisation period (years)</u>	<u>Basis of determination</u>	<u>Depreciation method</u>
Software	5–10 years	Expected years of economic benefits	Straight-line method

The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each year for the Track Record Period.

Intangible assets are tested for impairment as described in “Impairment of non-financial assets” below.

Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Target Group’s ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Target Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss (“FVTPL”), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- FVTPL; or
- Fair value through other comprehensive income (“FVTOCI”).

The classification is determined by both:

- the Target Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included other income or other gains in profit or loss. Discounting is omitted where the effect of discounting is immaterial. Our restricted bank deposits, cash at bank and on hand, trade receivables, other receivables and fixed income certificates fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the financial assets comprise solely payments of principal and interest and are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit loss (“ECL”), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

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Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Impairment of financial assets

IFRS 9’s impairment requirements use forward-looking information to recognise ECL — the “ECL model”. Instruments within the scope included cash at bank and on hand, trade receivables, notes receivables, and other financial assets measured at amortised cost.

The Target Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash at bank and on hand and restricted bank deposits

Cash at bank and on hand and restricted bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash at bank and on hand and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

Trade and notes receivables

For trade and notes receivables, the Target Group applies the simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. To measure the expected credit losses, the Target Group has established a provision matrix based on the payment profiles of sales and the corresponding historical credit losses experienced within the relevant periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

In applying the simplified approach, except for trade and notes receivables with significant outstanding balances which are assessed individually, the remaining trade and notes receivables have been grouped based on shared credit risk characteristics.

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Notes receivables measured at FVTOCI

For notes receivables measured at FVTOCI, the Target Group assumes that the credit risk on notes receivables measured at FVTOCI has not increased significantly since initial recognition if the notes receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Notes receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Other receivables and other financial assets measured at amortised cost

The Target Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collateral held by the Target Group).

Detailed analysis of the ECL assessment of trade and notes receivables, other receivables and other financial assets measured at amortised cost and notes receivables measured at FVTOCI are set out in Note 39.

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ACCOUNTANTS’ REPORT OF THE TARGET GROUP

Financial liabilities

Classification and measurement of financial liabilities

The Target Group’s financial liabilities include trade, notes and other payables, borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Target Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in “Leases” below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date of Track Record Period.

Trade, notes and other payables

Trade, notes and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, demand deposits with banks and short-term highly liquid investments with original maturities of generally within three months or less or designated for meeting short-term cash needs and that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

Bank balances for which use by the Target Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 22.

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Leases

Definition of a lease and the Target Group as a lessee

At inception of a contract, the Target Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration”. To apply this definition, the Target Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Target Group;
- the Target Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Target Group has the right to direct the use of the identified asset throughout the period of use. The Target Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Target Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Target Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Target Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Target Group is reasonably certain to obtain ownership at the end of the lease term. The Target Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Target Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Target Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

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The Target Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Target Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Target Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Provisions and contingent liabilities

Provisions and contingent liabilities

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each year for the Track Record Period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Target Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities assumed in a business combination

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

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Share capital

Share capital is classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue recognition

Revenue mainly arises from sales of automotive components products;

To determine whether to recognise revenue, the Target Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised at a point in time, when the Target Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from sale of goods

Revenue from sale of goods between the Target Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

For sales to customers in Chinese Mainland, in accordance with the terms of the contract, revenue is recognised either after the products are delivered to the customer’s manufacturing warehouse and confirmed for use, or after the products are delivered to the customer’s designated location and accepted by the customer.

For sales to overseas customers, revenue is recognised at the point in time when control of the products is transferred to the customer in accordance with the mutually agreed international commerce terms specified in the contract.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Target Group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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Impairment of non-financial assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- The Target Company’s investments in subsidiaries, associates and joint ventures.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Target Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Target Group’s obligations under these plans are limited to the fixed percentage contributions payable.

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Housing funds, medical insurances and other social insurances

Employees of the Target Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Target Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Target Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Target Group can no longer withdraw the offer of those benefits and when the Target Group recognises restructuring costs involving the payment of termination benefits.

Share-based employee compensation

The Target Group operates share-based compensation plans for remuneration of its employees including share award schemes.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the “capital reserve” in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Accounting for income taxes

Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

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Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint venture, except where the Target Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Target Group recognises a deferred income tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred income tax liability for all taxable temporary differences.

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each year for the Track Record Period.

Changes in deferred income tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred income tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Target Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Target Group presents deferred income tax assets and deferred income tax liabilities in net if, and only if,

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- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Target Group’s accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Target Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Target Group’s past history, existing market conditions, as well as forward-looking estimates at the end of each year for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 39.

Inventory provision

Inventories are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Target Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situation.

Income taxes and deferred income taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgements are required from the Target Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Target Group recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management’s judgements and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

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Provisions

Provision was made for estimated warranty claims in respect of products sold which were still under retention period. The amount of the provision for the warranties is estimated based on the best estimate of the expenditure required to fulfil the relevant current obligation. Any increase or decrease in the provision would affect profit or loss in current and future years.

5. REVENUE AND SEGMENT INFORMATION

The Target Group’s principal activities are disclosed in Note 1 to the Historical Financial Information. The Target Group’s revenue from the transfer of goods at a point in time were analysed as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Type of goods sold			
— Intelligent electronic control products . .	1,509,954	1,420,215	1,688,769
— Mechanical steering products.	1,427,119	1,460,790	1,373,638
— Others (<i>Note</i>)	91,761	93,500	76,590
	<u>3,028,834</u>	<u>2,974,505</u>	<u>3,138,997</u>

Note: Others mainly represent spare parts and molds.

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time. The Target Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales of goods such that it does not disclose the information about its remaining performance obligations as the contracts have an original expected duration of one year or less.

The credit period granted to customers is generally within 30–120 days during the Track Record Period. The contracts do not have a significant financing component. The revenue is measured based on consideration specified in the contract with customers, as well as adjusted for any variable consideration (i.e., annual price reduction) based in contract terms and historical patterns.

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the “**CODM**”). The Target Group’s management reviews the performance of the Target Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Target Group’s result and financial position as a whole, major customers and geographic information are presented.

The following table shows how much of the revenue recognised during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>28,923</u>	<u>20,949</u>	<u>18,295</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

Geographical information

The following table sets out the information about the geographical location of the Target Group’s revenue from external customers based on the geographical location of customers to which the goods are delivered:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from external customers			
— Chinese Mainland	2,729,142	2,569,873	2,661,261
— Other countries/regions	299,692	404,632	477,736
	<u>3,028,834</u>	<u>2,974,505</u>	<u>3,138,997</u>

The geographical location of the Target Group’s non-current assets (excluding deferred tax assets, financial assets and investments in associates and joint ventures), mainly comprised of the property, plant and equipment, right of use assets and intangible assets, is based on the physical location of these assets. As at the end of each year for the Track Record Period, the geographical locations of the Target Group’s non-current assets are all in Chinese Mainland.

Information about major customers

Revenue derived from customers individually contributed over 10% of the Target Group’s revenue during the Track Record Period is as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	944,704	782,192	714,261
Customer B	350,186	474,268	594,128
Customer C	N/A ^(a)	320,051	346,416
	<u>1,294,890</u>	<u>1,576,511</u>	<u>1,654,805</u>

Notes :

- (a) The corresponding revenue for the customer didn’t contribute over 10% of the total revenue of the Target Group during the year.
- (b) The group of entities under common control of a reporting entity is considered as a single customer.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

6. OTHER INCOME

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Rendering of research and development services	16,235	27,447	12,315
Additional deduction for value added tax (“VAT”)	13,565	14,619	11,564
Net rental income	7,427	8,432	7,802
Consulting and processing service income . . .	6,073	8,385	9,723
Amortization of deferred government grants . .	4,659	3,881	3,717
Interest income	3,484	5,131	5,638
Other government grants (<i>Note (a)</i>)	3,377	6,737	3,341
Others	3,085	847	606
	<u>57,905</u>	<u>75,479</u>	<u>54,706</u>

Note:

(a) During the Track Record Period, government grants have no unfulfilled condition or contingencies.

7. OTHER (LOSSES) AND GAINS, NET

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net losses on disposal of notes receivables measured at FVTOCI	(4,423)	(3,627)	(182)
Net gains/(losses) on disposal of property, plant and equipment and right-of-use assets	1,016	(387)	(1,323)
Net gains on disposal of investments in associate	—	4,979	—
Losses on damaged inventories	—	—	(2,969)
Others	(355)	(877)	802
	<u>(3,762)</u>	<u>88</u>	<u>(3,672)</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, general and administrative expenses and selling expenses are analysed as follows:

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Changes in finished goods.	56,247	(34,752)	(36,838)
Raw materials consumed for production.	2,264,605	2,247,852	2,251,364
Employee benefit expenses, excluding			
share-based payment expenses (<i>Note 9</i>) . . .	355,960	367,877	403,652
Share-based payment expenses (<i>Note 31</i>)	699	2,236	1,555
Depreciation of property, plant and equipment			
(<i>Note 12</i>)	85,770	94,652	92,704
Amortization of intangible assets (<i>Note 14</i>) . .	3,195	3,494	3,554
Depreciation of right-of-use assets (<i>Note 13</i>) .	5,719	5,062	4,340
Net impairment losses recognized on			
inventories	14,989	16,682	18,248
Warranty costs (<i>Note 29</i>).	44,229	52,199	114,112
Energy and fuel costs	33,022	34,737	34,766
Logistics fees	29,001	23,052	25,484
Research, testing and development fees	25,531	24,937	36,412
Packaging fees	19,767	18,837	19,942
Warehousing expenses.	16,509	9,234	11,377
Lease expenses.	16,164	14,672	19,806
Maintenance costs	12,820	8,382	15,557
Travel expenses	10,458	10,877	14,290
Auditor’s remuneration	377	566	566
Others	41,946	43,890	55,626
	<u>3,037,008</u>	<u>2,944,486</u>	<u>3,086,517</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances, discretionary bonuses and benefits in kind	328,244	339,546	370,896
Retirement scheme contributions	27,558	28,187	30,054
Termination benefits	158	144	2,702
Share-based payment expenses (<i>Note 31</i>)	699	2,236	1,555
	<u>356,659</u>	<u>370,113</u>	<u>405,207</u>

(b) Directors’ and supervisors’ emoluments

Directors’ and supervisors’ emoluments for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Fees	Salaries, allowances, discretionary bonuses and benefits in kind	Retirement scheme contributions	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended December 31, 2023				
Executive directors				
Mr. Zhang Chongjun (<i>Note (i)</i>)	—	—	—	—
Non-executive directors				
Mr. Cui Bentao (<i>Note (ii)</i>)	—	—	—	—
Mr. Zhang Kai (<i>Note (iii)</i>)	—	—	—	—
Mr. Wang Yimiao (<i>Note (iv)</i>)	—	—	—	—
Mr. Zhang Yu (<i>Note (v)</i>)	—	—	—	—
Mr. Gao Zhiyuan (<i>Note (vi)</i>)	—	—	—	—
Independent non-executive directors				
Mr. Qiu Shaoling	78	—	—	78
Ms. Yang Zhenmei	78	—	—	78
Dr. He Limei	78	—	—	78
Supervisors				
Mr. Wang Guanming (<i>Note (vii)</i>)	—	—	—	—
Mr. Zheng Houlin	—	885	53	938
Mr. Zheng Chao	—	375	40	415
Mr. Liu Peng (<i>Note (viii)</i>)	—	—	—	—
	<u>234</u>	<u>1,260</u>	<u>93</u>	<u>1,587</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

	Fees	Salaries, allowances, discretionary bonuses and benefits in kind	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2024				
Executive directors				
Mr. Zhang Chongjun (<i>Note (i)</i>)	—	—	—	—
Non-executive directors				
Mr. Zhang Kai (<i>Note (iii)</i>)	—	—	—	—
Mr. Wang Yimiao (<i>Note (iv)</i>)	—	—	—	—
Mr. Zhang Yu (<i>Note (v)</i>)	—	—	—	—
Mr. Gao Zhiyuan (<i>Note (vi)</i>)	—	—	—	—
Mr. Xiao Yu (<i>Note (ix)</i>)	—	—	—	—
Dr. Fan Jianqiang (<i>Note (x)</i>)	—	—	—	—
Independent non-executive directors				
Mr. Qiu Shaoling	78	—	—	78
Ms. Yang Zhenmei	78	—	—	78
Dr. He Limei	78	—	—	78
Supervisors				
Mr. Zheng Houlin	—	825	54	879
Mr. Zheng Chao	—	363	42	405
Mr. Liu Peng (<i>Note (viii)</i>)	—	—	—	—
	234	1,188	96	1,518

	Fees	Salaries, allowances, discretionary bonuses and benefits in kind	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2025				
Executive directors				
Mr. Zhang Chongjun (<i>Note (i)</i>)	—	—	—	—
Non-executive directors				
Mr. Zhang Kai (<i>Note (iii)</i>)	—	—	—	—
Mr. Zhang Yu (<i>Note (v)</i>)	—	—	—	—
Mr. Xiao Yu (<i>Note (ix)</i>)	—	—	—	—
Dr. Fan Jianqiang (<i>Note (x)</i>)	—	—	—	—
Independent non-executive directors				
Mr. Qiu Shaoling	78	—	—	78
Ms. Yang Zhenmei	78	—	—	78
Dr. He Limei	78	—	—	78
Supervisors				
Mr. Zheng Houlin	—	764	68	832
Mr. Zheng Chao	—	402	47	449
Mr. Liu Peng (<i>Note (viii)</i>)	—	—	—	—
	234	1,166	115	1,515

APPENDIX IB

ACCOUNTANTS’ REPORT OF THE TARGET GROUP

Notes:

- (i) Mr. Zhang Chongjun is the chairman of the board of directors. He concurrently holds positions in several companies related to the Target Group, including Hubei Dongjun Industrial and Commercial Co., Ltd. (a minority shareholder of the Target Company) and Yubei-CSA (Xinxiang) Auto Tech Co., Ltd. He did not receive any remuneration from the Target Company in respect of his services rendered to the Target Company, as his emoluments, social insurance and other related benefits are borne by such other companies where he serves. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and such other companies.
- (ii) Mr. Cui Bentao resigned as a non-executive director of the Target Company on April 7, 2023. He is dispatched by one of the shareholders of the Target Company (Xinxiang Aviation Industry (Group) Co., Ltd.). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Xinxiang Aviation Industry (Group) Co., Ltd. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Xinxiang Aviation Industry (Group) Co., Ltd.
- (iii) Mr. Zhang Kai is dispatched by one of the shareholders of the Target Company (Joyhigh Industrial Limited). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Joyhigh Industrial Limited. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Joyhigh Industrial Limited.
- (iv) Mr. Wang Yimiao resigned as a non-executive director of the Target Company on November 28, 2024. He is dispatched by one of the shareholders of the Target Company (Joyhigh Industrial Limited). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Joyhigh Industrial Limited. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Joyhigh Industrial Limited.
- (v) Mr. Zhang Yu is dispatched by one of the shareholders of the Target Company (Hefei Huaxin Cloud Automotive Electronics Investment Partnership Enterprise (L.P.)). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Hefei Huaxin Cloud Automotive Electronics Investment Partnership Enterprise (L.P.). The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Hefei Huaxin Cloud Automotive Electronics Investment Partnership Enterprise (L.P.).
- (vi) Mr. Gao Zhiyuan was appointed as a non-executive director on May 15, 2023 and resigned as a non-executive director on November 28, 2024. He is dispatched by one of the shareholders of the Target Company (Xinxiang Xinhang Electromechanical Technology Co., Ltd.). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Xinxiang Xinhang Electromechanical Technology Co., Ltd. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Xinxiang Xinhang Electromechanical Technology Co., Ltd.
- (vii) Mr. Wang Guanming resigned as a supervisor of the Target Company on May 15, 2023. He is dispatched by one of the shareholders of the Target Company (Xinxiang Xinhang Electromechanical Technology Co., Ltd.). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Xinxiang Xinhang Electromechanical Technology Co., Ltd. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Xinxiang Xinhang Electromechanical Technology Co., Ltd.
- (viii) Mr. Liu Peng was appointed as a supervisor of the Target Company on May 15, 2023. He is dispatched by one of the shareholders of the Target Company (Xinxiang Xinhang Electromechanical Technology Co., Ltd.). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Xinxiang Xinhang Electromechanical Technology Co., Ltd. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Xinxiang Xinhang Electromechanical Technology Co., Ltd.
- (ix) Mr. Xiao Yu was appointed as a non-executive director of the Target Company on November 28, 2024. He is dispatched by one of the shareholders of the Target Company (Xinxiang Xinhang Electromechanical Technology Co., Ltd.). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Xinxiang Xinhang Electromechanical Technology Co., Ltd. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Xinxiang Xinhang Electromechanical Technology Co., Ltd.
- (x) Dr. Fan Jianqiang was appointed as a non-executive director of the Target Company on November 28, 2024. He is dispatched by one of the shareholders of the Target Company (Joyhigh Industrial Limited). He did not receive any remuneration from the Target Company in relation to his services rendered for the Target Company. His remunerations were borne by Joyhigh Industrial Limited. The management of the Target Company considers there is no reasonable basis for such allocation of his remunerations between the Target Company and Joyhigh Industrial Limited.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

- (xi) Fees, salaries, allowances and benefits in kind paid to or for the executive directors, non-executive directors and independent non-executive directors of the Target Company and supervisors are generally emoluments paid or receivable in respect of services in connection with the management of the affairs of the Target Company and its subsidiaries.
- (xii) There was no arrangement under which executive directors, non-executive directors, independent non-executive directors and supervisors waived or agreed to waive any remuneration during the Track Record Period. No emolument was paid by the Target Group to the executive directors, non-executive directors and independent non-executive directors of the Target Company and supervisors as an inducement to join or upon joining the Target Group or as compensation for loss of office for the Track Record Period.

(c) Five Highest Paid Individuals

During the years ended December 31, 2023, 2024 and 2025, the five highest paid individuals included 1, nil and nil directors or supervisors, respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining 4, 5, and 5 individuals during the years ended December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonuses and benefits in kind.	4,735	6,088	7,032
Retirement scheme contributions	242	274	324
	<u>4,977</u>	<u>6,362</u>	<u>7,356</u>

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Target Group. The emoluments of the remaining highest paid individuals fell within the following bands:

	Year ended December 31		
	2023	2024	2025
HK\$1,000,001–HK\$1,500,000	3	4	3
HK\$1,500,001–HK\$2,000,000	1	1	2
	<u>4</u>	<u>5</u>	<u>5</u>

10. FINANCE COSTS

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest expense on borrowings	6,293	6,529	7,821
Interest expense on lease liabilities (Note 13).	137	214	148
Other finance costs	363	31	—
	<u>6,793</u>	<u>6,774</u>	<u>7,969</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

11. INCOME TAX EXPENSE

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current income tax	107	13,577	6,256
Deferred income tax (<i>Note 24</i>)	(4,632)	(9,264)	(8,000)
Income tax expense	(4,525)	4,313	(1,744)

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

(a) PRC Enterprise Income Tax (“EIT”)

Under the PRC Enterprise Income Tax Law and the respective regulations, the EIT for the Target Company and its subsidiaries are calculated at a statutory rate of 25%, on their estimated taxable profits for the respective year based on the existing legislations, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, the Target Company, was qualified as “High and New Technology Enterprises (HNTE)” and are therefore entitled to a preferential tax rate of 15% for a valid period of 3 years.

(b) Corporate income tax in other jurisdictions

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Reconciliation between the income tax expense and profit before income tax in the consolidated statements of comprehensive income is as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before income tax	85,469	138,575	155,208
Tax at the PRC statutory tax rate of 25%	21,367	34,644	38,802
Tax effect of			
— preferential or different tax rates of the Target Company and its subsidiaries	(10,524)	(16,634)	(17,152)
— non-taxable income	(8,207)	(5,455)	(8,946)
— non-deductible expenses	1,635	626	444
— unrecognized tax losses and temporary differences	3,472	1,999	1,933
— additional deduction of research and development expenses	(11,827)	(10,681)	(16,656)
— others	(441)	(186)	(169)
Income tax expense	(4,525)	4,313	(1,744)

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

12. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Construction in progress	Total
	RMB'000 <i>Note(a)</i>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023						
Cost	170,901	1,028,878	8,609	63,990	36,046	1,308,424
Accumulated depreciation	(45,046)	(638,395)	(5,626)	(42,055)	—	(731,122)
Accumulated impairment	—	(1,899)	—	—	(3,350)	(5,249)
Net carrying amount	125,855	388,584	2,983	21,935	32,696	572,053
Year ended December 31, 2023						
Opening net carrying amount	125,855	388,584	2,983	21,935	32,696	572,053
Additions	—	—	1,226	10,965	70,574	82,765
Disposals	—	(388)	(179)	(305)	(473)	(1,345)
Depreciation (<i>Note (b)</i>)	(5,844)	(73,324)	(781)	(5,821)	—	(85,770)
Impairment	—	(155)	—	—	—	(155)
Transfers	—	59,700	—	—	(59,700)	—
Closing net carrying amount	120,011	374,417	3,249	26,774	43,097	567,548
As at December 31, 2023						
Cost	170,901	1,076,435	8,967	73,811	43,097	1,373,211
Accumulated depreciation	(50,890)	(700,680)	(5,718)	(47,037)	—	(804,325)
Accumulated impairment	—	(1,338)	—	—	—	(1,338)
Net carrying amount	120,011	374,417	3,249	26,774	43,097	567,548
Year ended December 31, 2024						
Opening net carrying amount	120,011	374,417	3,249	26,774	43,097	567,548
Additions	—	—	490	2,466	97,229	100,185
Disposals	(110)	(1,291)	(81)	(8)	(1,771)	(3,261)
Depreciation (<i>Note (b)</i>)	(5,351)	(80,969)	(804)	(7,528)	—	(94,652)
Transfers	—	121,610	—	—	(121,610)	—
Closing net carrying amount	114,550	413,767	2,854	21,704	16,945	569,820
As at December 31, 2024						
Cost	170,791	1,192,901	9,196	76,113	16,945	1,465,946
Accumulated depreciation	(56,241)	(777,941)	(6,342)	(54,409)	—	(894,933)
Accumulated impairment	—	(1,193)	—	—	—	(1,193)
Net carrying amount	114,550	413,767	2,854	21,704	16,945	569,820
Year ended December 31, 2025						
Opening net carrying amount	114,550	413,767	2,854	21,704	16,945	569,820
Additions	—	—	646	5,646	41,069	47,361
Disposals	—	(495)	(25)	(1,183)	—	(1,703)
Depreciation (<i>Note (b)</i>)	(7,133)	(78,177)	(791)	(6,603)	—	(92,704)
Impairment	—	(184)	—	—	—	(184)
Transfers	1,255	19,766	—	—	(21,021)	—
Closing net carrying amount	108,672	354,677	2,684	19,564	36,993	522,590

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>Note(a)</i>					
As at December 31, 2025						
Cost	172,046	1,189,444	9,382	78,902	36,993	1,486,767
Accumulated depreciation	(63,374)	(833,761)	(6,698)	(59,338)	—	(963,171)
Accumulated impairment	—	(1,006)	—	—	—	(1,006)
Net carrying amount	<u>108,672</u>	<u>354,677</u>	<u>2,684</u>	<u>19,564</u>	<u>36,993</u>	<u>522,590</u>

Notes:

- (a) The Target Group’s buildings located in the PRC with the carrying amounts of the buildings amounting to approximately RMB2,151,000, RMB2,005,000 and RMB1,835,000 as at December 31, 2023, 2024 and 2025, respectively, are in the process of obtaining the ownership certificates. The directors of the Target Company are of the opinion, the Target Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Target Group’s statements of financial positions as at December 31, 2023, 2024 and 2025. As of the date of this report, all ownership certificates are still being processed.
- (b) Depreciation of the Target Group’s property, plant and equipment has been recognized as follows:

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of sales	76,482	83,885	80,827
General and administrative expenses	6,154	7,811	7,892
Research and development expenses	3,038	2,813	3,903
Selling expenses	96	143	82
	<u>85,770</u>	<u>94,652</u>	<u>92,704</u>

- (c) There is no property, plant and equipment of the Target Group pledged at the end of each year for the Track Record Period.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The Target Company

	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>Note(a)</i>					
As at January 1, 2023						
Cost	166,354	971,187	6,492	55,750	28,378	1,228,161
Accumulated depreciation	(43,199)	(608,265)	(4,140)	(35,478)	—	(691,082)
Accumulated impairment	—	(1,899)	—	—	(3,350)	(5,249)
Net carrying amount	<u>123,155</u>	<u>361,023</u>	<u>2,352</u>	<u>20,272</u>	<u>25,028</u>	<u>531,830</u>
Year ended December 31, 2023						
Opening net carrying amount	123,155	361,023	2,352	20,272	25,028	531,830
Additions	—	7,375	940	8,089	50,608	67,012
Disposals	—	(387)	(91)	(291)	(473)	(1,242)
Depreciation	(5,688)	(69,611)	(651)	(5,007)	—	(80,957)
Impairment	—	(155)	—	—	—	(155)
Transfers	—	55,191	—	—	(55,191)	—
Closing net carrying amount	<u>117,467</u>	<u>353,436</u>	<u>2,550</u>	<u>23,063</u>	<u>19,972</u>	<u>516,488</u>
As at December 31, 2023						
Cost	166,354	1,021,595	7,146	62,750	19,972	1,277,817
Accumulated depreciation	(48,887)	(666,821)	(4,596)	(39,687)	—	(759,991)
Accumulated impairment	—	(1,338)	—	—	—	(1,338)
Net carrying amount	<u>117,467</u>	<u>353,436</u>	<u>2,550</u>	<u>23,063</u>	<u>19,972</u>	<u>516,488</u>
Year ended December 31, 2024						
Opening net carrying amount	117,467	353,436	2,550	23,063	19,972	516,488
Additions	—	—	488	1,872	61,228	63,588
Disposals	(110)	(1,286)	(78)	(8)	(1,771)	(3,253)
Depreciation	(5,195)	(75,002)	(674)	(5,740)	—	(86,611)
Transfers	—	64,631	—	—	(64,631)	—
Closing net carrying amount	<u>112,162</u>	<u>341,779</u>	<u>2,286</u>	<u>19,187</u>	<u>14,798</u>	<u>490,212</u>
As at December 31, 2024						
Cost	166,244	1,081,119	7,421	64,459	14,798	1,334,041
Accumulated depreciation	(54,082)	(738,147)	(5,135)	(45,272)	—	(842,636)
Accumulated impairment	—	(1,193)	—	—	—	(1,193)
Net carrying amount	<u>112,162</u>	<u>341,779</u>	<u>2,286</u>	<u>19,187</u>	<u>14,798</u>	<u>490,212</u>
Year ended December 31, 2025						
Opening net carrying amount	112,162	341,779	2,286	19,187	14,798	490,212
Additions	—	779	646	5,471	37,883	44,779
Disposals	—	(139)	(6)	(1,174)	—	(1,319)
Depreciation	(6,977)	(69,218)	(653)	(5,298)	—	(82,146)
Impairment	—	(184)	—	—	—	(184)
Transfers	1,254	15,403	—	—	(16,657)	—
Closing net carrying amount	<u>106,439</u>	<u>288,420</u>	<u>2,273</u>	<u>18,186</u>	<u>36,024</u>	<u>451,342</u>

APPENDIX IB

ACCOUNTANTS’ REPORT OF THE TARGET GROUP

	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>Note(a)</i>					
As at December 31, 2025						
Cost	167,498	1,078,253	7,940	67,139	36,024	1,356,854
Accumulated depreciation	(61,059)	(788,827)	(5,667)	(48,953)	—	(904,506)
Accumulated impairment	—	(1,006)	—	—	—	(1,006)
Net carrying amount	106,439	288,420	2,273	18,186	36,024	451,342

Notes:

- (a) The Target Company’s buildings located in the PRC with the carrying amounts of the buildings amounting to approximately RMB2,151,000, RMB2,005,000 and RMB1,835,000 as at December 31, 2023, 2024 and 2025, respectively, are in the process of obtaining the ownership certificates. The directors of the Target Company are of the opinion, the Target Company is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Target Company’s statements of financial positions as at December 31, 2023, 2024 and 2025. As of the date of this report, all ownership certificates are still being processed.
- (b) There is no property, plant and equipment of the Target Company pledged at the end of each year for the Track Record Period.

13. LEASES

The Target Group as a lessee

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Buildings	Land use rights	Total
	RMB'000	RMB'000	RMB'000
	<i>Note(a)</i>	<i>Note(b)(c)</i>	
As at January 1, 2023	10,527	51,173	61,700
Depreciation (<i>Note (d)</i>)	(4,214)	(1,505)	(5,719)
Lease modification and termination	(1,194)	—	(1,194)
As at December 31, 2023	5,119	49,668	54,787
As at January 1, 2024	5,119	49,668	54,787
Additions	995	—	995
Depreciation (<i>Note (d)</i>)	(3,557)	(1,505)	(5,062)
Lease modification and termination	(366)	—	(366)
As at December 31, 2024	2,191	48,163	50,354
As at January 1, 2025	2,191	48,163	50,354
Additions	3,026	—	3,026
Depreciation (<i>Note (d)</i>)	(2,835)	(1,505)	(4,340)
Lease modification and termination	(366)	—	(366)
As at December 31, 2025	2,016	46,658	48,674

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

Notes:

- (a) The Target Group has obtained the right to use buildings in its operations through tenancy agreements. The leases typically run for an initial period of 3 to 5 years.
- (b) Land in respect of land use rights are all located in the PRC with a lease period of 50 years. Lump sum payments were made upfront to acquire these property interests from the relevant government authorities.
- (c) The Target Group has obtained all land use right certificates in respect of all land parcels held by the Target Group.
- (d) Depreciation of the Target Group’s right-of-use assets has been recognized as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of sales	3,092	2,762	2,480
General and administrative expenses.	2,627	2,300	1,860
	5,719	5,062	4,340

(b) Lease liabilities

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total minimum lease payments	5,885	2,127	2,076
Future interest expense on lease liabilities . . .	(278)	(93)	(97)
	5,607	2,034	1,979
Current	4,097	2,034	1,000
Non-current	1,510	—	979
	5,607	2,034	1,979

The maturity analysis of lease liabilities is disclosed in Note 39 to the Historical Financial Information.

(c) The amounts recognised in the consolidated statements of comprehensive income in relation to leases are as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest expenses (Note 10)	137	214	148
Depreciation of right-of-use assets.	5,719	5,062	4,340
Expense relating to short-term leases and leases of low-value assets	16,164	14,672	19,806
	22,020	19,948	24,294

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The Target Company

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Land use rights
	<i>RMB’000</i>
As at January 1, 2023	49,836
Depreciation.	(1,469)
As at December 31, 2023	48,367
As at January 1, 2024	48,367
Depreciation.	(1,469)
As at December 31, 2024	46,898
As at January 1, 2025	46,898
Depreciation.	(1,469)
As at December 31, 2025	45,429

The Target Group and the Target Company as a lessor

The Target Group and the Target Company lease its buildings under operating lease arrangements. Gross rental income recognised by the Target Group and the Target Company for the years ended December 31, 2023, 2024 and 2025 were RMB12,850,000, RMB13,512,000, and RMB14,827,000, respectively.

As at December 31, 2023, 2024 and 2025, the undiscounted lease payments receivable by the Target Group and the Target Company in future periods under operating leases with its tenants are as follows:

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total lease payments receivables:			
— Within 1 year.	13,421	13,565	13,565
— Over 1 year but within 2 years	4,321	4,465	4,465
— Over 2 years but within 3 years	4,321	4,465	4,267
— Over 3 years	14,718	10,646	6,380
	36,781	33,141	28,677

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

14. INTANGIBLE ASSETS

The Target Group

	Software
	<i>RMB’000</i>
As at January 1, 2023	
Cost.	31,071
Accumulated amortisation	(7,330)
Net carrying amount	23,741
Year ended December 31, 2023	
Opening net carrying amount	23,741
Additions	4,893
Amortisation (<i>Note (a)</i>)	(3,195)
Closing net carrying amount	25,439
As at December 31, 2023	
Cost.	35,964
Accumulated amortisation	(10,525)
Net carrying amount	25,439
Year ended December 31, 2024	
Opening net carrying amount	25,439
Additions	1,903
Amortisation (<i>Note (a)</i>)	(3,494)
Closing net carrying amount	23,848
As at December 31, 2024	
Cost.	37,867
Accumulated amortisation	(14,019)
Net carrying amount	23,848
Year ended December 31, 2025	
Opening net carrying amount	23,848
Additions	3,725
Disposals	(26)
Amortisation (<i>Note (a)</i>)	(3,554)
Closing net carrying amount	23,993
As at December 31, 2025	
Cost.	41,565
Accumulated amortisation	(17,572)
Net carrying amount	23,993

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

Notes:

(a) Amortisation of the Target Group’s intangible assets has been recognized as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of sales	40	40	102
General and administrative expenses	2,396	2,795	1,189
Research and development expenses	759	659	2,263
	<u>3,195</u>	<u>3,494</u>	<u>3,554</u>

(b) There is no intangible assets of the Target Group pledged at the end of each year for the Track Record Period.

The Target Company

	Software
	RMB’000
As at January 1, 2023	
Cost.	20,151
Accumulated amortisation	(6,920)
Net carrying amount	<u>13,231</u>
Year ended December 31, 2023	
Opening net carrying amount	13,231
Additions	1,671
Amortisation	(2,005)
Closing net carrying amount	<u>12,897</u>
As at December 31, 2023	
Cost.	21,822
Accumulated amortisation	(8,925)
Net carrying amount	<u>12,897</u>
Year ended December 31, 2024	
Opening net carrying amount	12,897
Additions	885
Amortisation	(2,031)
Closing net carrying amount	<u>11,751</u>
As at December 31, 2024	
Cost.	22,707
Accumulated amortisation	(10,956)
Net carrying amount	<u>11,751</u>
Year ended December 31, 2025	
Opening net carrying amount	11,751
Additions	3,659
Disposals	(26)
Amortisation	(3,252)
Intra-group transfers	11,642
Closing net carrying amount	<u>23,774</u>
As at December 31, 2025	
Cost.	37,981
Accumulated amortisation	(14,207)
Net carrying amount	<u>23,774</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

15. INVESTMENT PROPERTIES

The Target Group and the Target Company

	Buildings
	<i>RMB’000</i>
As at January 1, 2023	
Cost.	2,611
Accumulated depreciation	(545)
Net carrying amount	<u>2,066</u>
Year ended December 31, 2023	
Opening net carrying amount	2,066
Depreciation.	(115)
Closing net carrying amount	<u>1,951</u>
As at December 31, 2023	
Cost.	2,611
Accumulated depreciation	(660)
Net carrying amount	<u>1,951</u>
Year ended December 31, 2024	
Opening net carrying amount	1,951
Depreciation.	(115)
Closing net carrying amount	<u>1,836</u>
As at December 31, 2024	
Cost.	2,611
Accumulated depreciation	(775)
Net carrying amount	<u>1,836</u>
Year ended December 31, 2025	
Opening net carrying amount	1,836
Depreciation.	(1,016)
Closing net carrying amount	<u>820</u>
As at December 31, 2025	
Cost.	2,611
Accumulated depreciation	(1,791)
Net carrying amount	<u>820</u>

As at December 31, 2023, 2024 and 2025, the fair value of the investment properties was not materially different from the carrying amount.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Unlisted investments	291,329	317,658	378,626
At the beginning of the year	240,831	291,329	317,658
Disposals (<i>Note</i>)	—	(31,654)	—
Share of results, net	57,915	57,052	60,520
Change in other equity	949	931	448
Dividends declared	(8,366)	—	—
At the end of the year	291,329	317,658	378,626

Note:

In November 2024, the Target Group disposed all its equity interests in an associate, Xinxiang Yubei Jingdao Automotive Components and Parts Co., Ltd., with a consideration of RMB33,764,000.

Details of each of the Target Group’s material joint venture at the end of each year for the Track Record Period are as follows:

Name of entity	Place of incorporation/ operation	Proportion of ownership interest held by the Target Group			Principal activities
		As at December 31			
		2023	2024	2025	
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd. <i>(Note)</i>	PRC	95%	95%	95%	Production and sale of intermediate steering shafts

Note:

The Target Group holds two-thirds of the voting rights in the investee’s board of directors, which is the highest governing body. Under the investment agreement, board resolutions require unanimous approval, the Target Group lacks the controlling voting rights to direct relevant activities, but retains the power to jointly participate in financial and operating policy decisions. Accordingly, the Target Group has joint control over the investee.

The joint venture is accounted for using equity method in the consolidated financial statements.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

Summarised financial information in respect of the Target Group’s material joint venture is set out below:

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd.			
Current assets	285,572	419,966	506,919
Non-current assets	63,453	72,050	99,039
Current liabilities	202,542	274,469	313,775
Non-current liabilities	208	5,490	9,516
Net assets	146,275	212,057	282,667
Reconciliation to carrying amounts:			
Opening net assets	85,406	146,275	212,057
Profit for the year	60,319	64,801	70,139
Appropriation of safety production fund	830	1,372	1,036
Utilisation of safety production fund	(280)	(391)	(565)
Closing net assets	146,275	212,057	282,667
Group’s share in %	95	95	95
Group’s share in RMB’000	138,961	201,454	268,534
Unrealised profit on related party transactions	(34)	(56)	(61)
Carrying amount	138,927	201,398	268,473
Revenue	479,297	541,852	648,844
Profit for the year	60,319	64,801	70,139
Total comprehensive income for the year	60,319	64,801	70,139

In addition to the interests in joint venture disclosed above, the Target Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of individually immaterial associates	152,402	116,260	110,153
Aggregate amounts of the Target Group’s share of:			
Profit for the year/(loss)	1,051	(3,668)	(6,107)
Total comprehensive income/(loss) for the year	1,051	(3,668)	(6,107)
Special reserve	426	—	—

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The Target Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unlisted investments	285,335	312,790	372,877
At the beginning of the year	238,037	285,335	312,790
Disposals	—	(31,654)	—
Share of results, net	54,715	58,178	59,639
Change in other equity	949	931	448
Dividends declared	(8,366)	—	—
	285,335	312,790	372,877

17. DIVIDENDS

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Final dividends	39,868	9,967	39,868

The final dividends of RMB0.2 per share (tax inclusive) totaling approximately RMB39,868,000 in respect of the year ended December 31, 2022 were approved in 2022 Annual General Meeting of the Target Company on May 15, 2023. The final dividends were paid on October 13, 2023.

The final dividends of RMB0.05 per share (tax inclusive) totaling approximately RMB9,967,000 in respect of the year ended December 31, 2023 were approved in 2023 Annual General Meeting of the Target Company on June 5, 2024. The final dividends were paid on July 5, 2024 and July 8, 2024.

The final dividends of RMB0.2 per share (tax inclusive) totaling approximately RMB39,868,000 in respect of the year ended December 31, 2024 were approved in 2024 Annual General Meeting of the Target Company on June 5, 2025. The final dividends were paid on June 25, 2025 and June 26, 2025.

18. FINANCIAL ASSETS AT FVTOCI

The Target Group

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current:			
— Notes receivables measured at FVTOCI			
(Note)	390,518	397,436	760,007

Note:

The balance represents notes receivables held by the Target Group which are issued or guaranteed by reputable PRC banks with high credit ratings. The notes receivables had a maturity of within six months at the end of each year for the Track Record Period. The notes receivables are measured at FVTOCI since the notes are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

payments of principal and interest on the principal amount outstanding. The Target Group believes that the notes receivables do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair value of the notes receivables are minimal due to its short-term nature.

In addition, the Target Group has discounted certain notes receivables to banks and endorsed certain notes receivables to its suppliers to settle its payables. The directors of the Target Company consider the probabilities on default of the discounted or endorsed notes receivables are limited and the Target Group has derecognised the full carrying amount of these notes receivables and the associated trade and other payables when the notes receivables are endorsed or discounted. The maximum exposure to the Target Group that may result from the default of these endorsed and discounted notes receivables as at December 31, 2023, 2024 and 2025 are approximately RMB655,005,000, RMB543,045,000 and RMB243,920,000, respectively.

As at December 31, 2023, 2024 and 2025, certain notes receivables of the Target Group amounting to RMB216,443,000, RMB86,043,000 and RMB41,965,000, respectively, were pledged for notes payables of the Target Group.

The Target Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current:			
— Notes receivables measured at FVTOCI			
(Note)	387,484	393,177	760,007

Note:

The maximum exposure to the Target Company that may result from the default of the endorsed and discounted notes receivables as at December 31, 2023, 2024 and 2025 are approximately RMB636,648,000, RMB512,886,000 and RMB218,577,000, respectively.

19. INVENTORIES

The Target Group

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	85,919	89,722	107,525
Consigned processing materials	6,299	3,985	3,347
Finished goods	129,190	157,664	179,626
Consumables	4,301	2,138	3,197
	225,709	253,509	293,695
Less: provision for impairment (Note)	(25,227)	(33,317)	(36,051)
	200,482	220,192	257,644

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The Target Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	71,307	69,976	98,258
Consigned processing materials	6,299	3,985	3,347
Finished goods	127,517	151,630	183,661
Consumables	4,301	1,711	3,119
	209,424	227,302	288,385
Less: provision for impairment (<i>Note</i>)	(20,598)	(27,446)	(31,784)
	<u>188,826</u>	<u>199,856</u>	<u>256,601</u>

Note:

Inventories are stated at the lower of cost and net realisable value at the end of each reporting period. The net realisable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. Management of the Target Group and the Target Company make the best estimate on the net realisable value and the corresponding impairment of inventory, while the impairment assessment may still be significantly changed due to the change of market conditions.

20. TRADE AND NOTES RECEIVABLES

The Target Group

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	1,003,867	1,148,990	1,134,160
Notes receivables	5,846	5,069	27,617
	1,009,713	1,154,059	1,161,777
Less: allowance for impairment	(126,725)	(144,869)	(144,765)
	<u>882,988</u>	<u>1,009,190</u>	<u>1,017,012</u>

The credit period granted to customers is generally within 30-120 days during the Track Record Period.

The Target Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
— Due from subsidiaries	2,716	10,629	12,188
— Due from other parties	969,221	1,100,671	1,105,471
Notes receivables	5,846	5,069	26,808
	977,783	1,116,369	1,144,467
Less: allowance for impairment	(125,083)	(142,893)	(143,824)
	<u>852,700</u>	<u>973,476</u>	<u>1,000,643</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The credit period is generally within 30-120 days during the Track Record Period.

The ageing analysis of trade receivables based on recognition date is as follows:

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	921,374	1,068,340	1,042,329
Over 1 year but within 2 years	2,353	826	12,533
Over 2 years but within 3 years.	23	61	18
Over 3 years	80,117	79,763	79,280
	<u>1,003,867</u>	<u>1,148,990</u>	<u>1,134,160</u>

The Target Company

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	889,705	1,031,323	1,026,382
Over 1 year but within 2 years	2,129	250	12,146
Over 2 years but within 3 years.	23	—	—
Over 3 years	80,080	79,727	79,131
	<u>971,937</u>	<u>1,111,300</u>	<u>1,117,659</u>

Movements in impairment of trade and notes receivables are as follows:

The Target Group

	Year ended December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	117,207	126,725	144,869
Loss of impairment recognised/(reversed), net	9,349	18,144	(109)
Others	169	—	5
At the end of the year.	<u>126,725</u>	<u>144,869</u>	<u>144,765</u>

Note:

Detail information about the impairment of trade and notes receivables and the Target Group’s exposure to credit risk is described in Note 39.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The Target Company

	Year ended December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year	115,955	125,083	142,893
Impairment recognised, net	9,143	17,810	926
Others	(15)	—	5
At the end of the year.	<u>125,083</u>	<u>142,893</u>	<u>143,824</u>

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current			
Prepayments for acquisition of long-term assets	<u>42,783</u>	<u>6,942</u>	<u>39,473</u>
Current			
Other receivables	10,541	18,601	3,974
Less: allowance for impairment.	<u>(1,396)</u>	<u>(1,722)</u>	<u>(1,868)</u>
	9,145	16,879	2,106
VAT recoverable (<i>Note (a)</i>)	4,016	9,193	19,889
Prepayments for materials and others.	<u>2,746</u>	<u>2,934</u>	<u>4,093</u>
	<u>15,907</u>	<u>29,006</u>	<u>26,088</u>

Notes:

- (a) Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT. The applicable VAT tax rates of the Target Group are 13%, 9% and 6%.
- (b) The information about the credit risk exposure on the Target Group’s other receivables is disclosed in Note 39.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The Target Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Prepayment for acquisition of long-term assets	22,729	5,556	39,371
Current			
Other receivables			
— Due from subsidiaries	429	849	—
— Due from other parties	10,069	18,291	3,724
Less: allowance for impairment	(1,359)	(1,740)	(1,778)
	9,139	17,400	1,946
VAT recoverable (<i>Note</i>).	—	—	12,241
Prepayments for materials and others	2,271	2,425	2,483
	11,410	19,825	16,670

Note:

Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT. The applicable VAT tax rates of the Target Company are 13%, 9% and 6%.

The balances of other receivables are classified as Stage 1 without any significant increase in credit risk tracked since initial recognition. The movements on the ECL allowance of other receivables are as follows:

The Target Group

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	1,779	1,396	1,722
(Reversal)/provision	(383)	326	146
At the end of the year	1,396	1,722	1,868

The Target Company

	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	344	1,359	1,740
Provision	1,015	381	38
At the end of the year	1,359	1,740	1,778

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

22. RESTRICTED BANK DEPOSITS

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Pledged cash balances for bank acceptance notes	287,871	395,461	430,314
Pledged cash balances for letter of credit	711	—	—
	<u>288,582</u>	<u>395,461</u>	<u>430,314</u>

The Target Company

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Pledged cash balances for bank acceptance notes	276,041	379,975	430,314
Pledged cash balances for letter of credit	711	—	—
	<u>276,752</u>	<u>379,975</u>	<u>430,314</u>

The restricted bank deposits of the Target Group and the Target Company are mainly RMB deposits.

23. CASH AT BANK AND ON HAND

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents.	<u>90,380</u>	<u>215,066</u>	<u>248,614</u>

Denominated in:

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	89,367	214,421	247,912
USD	800	615	502
JPY	213	30	200
	<u>90,380</u>	<u>215,066</u>	<u>248,614</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Target Company

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents.	73,384	197,371	211,426

The cash at bank and on hand of the Target Company are mainly RMB deposits.

24. DEFERRED INCOME TAX

Deferred tax assets are recognised based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses and temporary differences will be utilised. The recognition of deferred tax assets mainly involves management’s judgements and estimations about the timing and the amount of taxable profits of the companies who have tax losses and temporary differences. Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The Target Group

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Deferred tax assets	54,977	63,509	71,465
Offset by deferred tax liabilities	(1,280)	(548)	(495)
Net deferred tax assets	53,697	62,961	70,970
Deferred tax liabilities	1,280	548	504
Offset by deferred tax assets	(1,280)	(548)	(495)
Net deferred tax liabilities.	—	—	9

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	ECL allowance and impairment provision	Tax losses	Accruals and provisions	Unrealised profit on intra-group transactions	Deferred income	Lease liability	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	21,908	7,503	16,594	—	2,994	2,698	51,697
Credited /(charged) to profit or loss	1,042	3,824	129	279	(698)	(1,296)	3,280
As at December 31, 2023 and January 1, 2024	22,950	11,327	16,723	279	2,296	1,402	54,977
Credited /(charged) to profit or loss	4,020	3,459	2,473	56	(583)	(893)	8,532
As at December 31, 2024 and January 1, 2025	26,970	14,786	19,196	335	1,713	509	63,509
Credited /(charged) to profit or loss	55	3,193	4,432	285	5	(14)	7,956
As at December 31, 2025	27,025	17,979	23,628	620	1,718	495	71,465

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Right-of-use assets
	RMB'000
As at January 1, 2023	2,632
Credited to profit or loss	(1,352)
As at December 31, 2023 and January 1, 2024	1,280
Credited to profit or loss	(732)
As at December 31, 2024 and January 1, 2025	548
Credited to profit or loss	(44)
As at December 31, 2025	504

(c) Tax losses and deductible temporary differences with deferred tax assets not recognized

The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred tax assets at the end of each year for the Track Record Period:

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	5,168	6,474	6,691
Tax losses	38,812	43,999	39,309
	43,980	50,473	46,000

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The Target Group has unused tax losses of approximately RMB107,800,000, RMB123,149,000 and RMB131,232,000 as at December 31, 2023, 2024, 2025, respectively, available for offset against future profits. Included in recognized tax losses are losses of approximately RMB68,988,000, RMB79,150,000, RMB91,923,000, respectively. Included in unrecognized tax losses are losses of approximately RMB38,812,000, RMB43,999,000, RMB39,309,000, respectively.

Deductible tax losses that are not recognised for deferred tax assets will expire as follows:

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2024	3,596	—	—
2025	6,824	6,824	—
2026	14,056	14,056	14,056
2027	1,148	1,148	1,148
2028	13,188	11,354	9,041
2029	—	10,617	7,934
2030	—	—	7,130
	<u>38,812</u>	<u>43,999</u>	<u>39,309</u>

The Target Company

The analysis of deferred tax assets are as follows:

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	50,156	54,404	59,608
Offset by deferred tax liabilities	—	—	—
Net deferred tax assets	<u>50,156</u>	<u>54,404</u>	<u>59,608</u>

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	ECL allowance and impairment provision	Tax losses	Accruals and provisions	Deferred income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023.	21,509	7,503	16,208	2,994	48,214
Credited /(charged) to profit or loss	747	1,378	515	(698)	1,942
As at December 31, 2023 and January 1, 2024	22,256	8,881	16,723	2,296	50,156
Credited /(charged) to profit or loss	3,736	(1,378)	2,473	(583)	4,248
As at December 31, 2024 and January 1, 2025	25,992	7,503	19,196	1,713	54,404
Credited to profit or loss.	767	—	4,432	5	5,204
As at December 31, 2025	26,759	7,503	23,628	1,718	59,608

25. TRADE, NOTES AND OTHER PAYABLES

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,030,255	1,138,084	1,187,251
Notes payables	775,706	793,107	835,646
	1,805,961	1,931,191	2,022,897
Payroll and welfare payables.	66,383	67,846	72,894
Other tax liabilities.	32,139	15,807	5,316
Payables for acquisition of non-current assets.	17,061	48,267	35,939
Accrued expenses	16,090	16,524	15,310
Deposits received	3,054	10,703	9,855
Others	21,164	15,811	19,112
	1,961,852	2,106,149	2,181,323

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

The credit period granted by suppliers is generally within 30-90 days. The ageing analysis of the trade payables of the Target Group as at December 31, 2023, 2024 and 2025 based on recognition date is as follows:

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
— Within 1 year.	994,545	1,089,798	1,169,731
— Over 1 year but within 2 years	22,910	17,020	14,217
— Over 2 years but within 3 years	445	18,665	894
— Over 3 years	12,355	12,601	2,409
	<u>1,030,255</u>	<u>1,138,084</u>	<u>1,187,251</u>

The Target Company

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables			
— Due to subsidiaries	3,083	5,716	15,680
— Due to other parties	1,002,403	1,106,978	1,152,157
Notes payables	763,898	776,012	835,646
	<u>1,769,384</u>	<u>1,888,706</u>	<u>2,003,483</u>
Payroll and welfare payables	62,718	62,700	70,234
Other tax liabilities	30,989	14,193	3,193
Payables for acquisition of non-current assets.	14,241	33,242	34,458
Accrued expenses	15,278	15,188	14,681
Deposits received	3,024	10,131	9,424
Amounts due to subsidiaries	5,173	—	907
Others	21,083	15,744	18,198
	<u>1,921,890</u>	<u>2,039,904</u>	<u>2,154,578</u>

The ageing analysis of the trade payables of the Target Company as at December 31, 2023, 2024 and 2025 based on recognised date is as follows:

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
— Within 1 year.	969,859	1,064,653	1,161,758
— Over 1 year but within 2 years	22,878	16,831	2,892
— Over 2 years but within 3 years	438	18,645	837
— Over 3 years	12,311	12,565	2,350
	<u>1,005,486</u>	<u>1,112,694</u>	<u>1,167,837</u>

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26. CONTRACT LIABILITIES

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Advance payments from customers	22,925	21,825	25,667

The Target Company

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Advance payments from customers	21,670	20,437	20,994

Revenue are recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer’s receipt of the goods. Contract liabilities of the Target Group and the Target Company mainly consist of advance payments made by customers for goods which will be normally settled when the revenue are recognised.

During the Track Record Period, the increase/decrease in contract liabilities was resulted from more/less advance payments from customers than the amount utilised to be recognised as revenue.

27. BORROWINGS

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current			
Long-term bank borrowings — unsecured and unguaranteed.	90,000	174,000	138,600
Total non-current	90,000	174,000	138,600
Current			
Short-term bank borrowings — unsecured and unguaranteed.	—	—	249,671
Short-term other borrowings — unsecured and unguaranteed (<i>Note</i>)	—	40,000	40,000
Current portion of long-term bank borrowings — unsecured and unguaranteed	83	4,654	103,058
Total current.	83	44,654	392,729

As at December 31, 2023, 2024 and 2025, the borrowings bear effective interest rates with range of 2.90%-3.05% , 2.30%-3.00% and 2.24%-2.90% per annum, respectively.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

Note:

As at December 31, 2023, 2024 and 2025, the outstanding balances of other borrowings of the Target Group represents entrusted loans provided by Yubei JTEKT Steering System (Xinxiang) Co., Ltd., an associate of the Target Company.

The Target Company

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Long-term bank borrowings — unsecured and unguaranteed.	90,000	174,000	138,600
Total non-current	<u>90,000</u>	<u>174,000</u>	<u>138,600</u>
Current			
Short-term bank borrowings — unsecured and unguaranteed.	—	—	249,671
Short-term other borrowings — unsecured and unguaranteed (<i>Note</i>)	35,000	65,000	75,000
Current portion of long-term bank borrowings — unsecured and unguaranteed	83	4,654	103,058
Total current.	<u>35,083</u>	<u>69,654</u>	<u>427,729</u>

Note:

As at December 31 2023, 2024 and 2025, the Target Company’s other borrowings comprised entrusted loans from the following parties:

- (i) Yubei JTEKT Steering System (Xinxiang) Co., Ltd., an associate of the Target Company: nil, RMB40,000,000 and RMB40,000,000 respectively;
- (ii) Hefei Yubei Automobile Power Redirector Co., Ltd., a subsidiary of the Target Company: RMB15,000,000, nil and nil respectively; and
- (iii) Yubei Steering System (Hubei) Co., Ltd., a subsidiary of the Target Company: RMB20,000,000, RMB25,000,000 and RMB35,000,000 respectively.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

During the Track Record Period, the Target Group and the Target Company did not violate any financial covenants under the agreements of borrowings. The Target Group’s and the Target Company’s borrowings were repayable as follows:

The Target Group

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Analysed as:			
Bank borrowings repayable:			
— Within 1 year or on demand	83	4,654	352,729
— Over 1 year but within 2 years	—	103,500	91,900
— Over 2 years but within 5 years	90,000	70,500	46,700
	<u>90,083</u>	<u>178,654</u>	<u>491,329</u>
Other borrowings repayable:			
— Within 1 year or on demand	—	40,000	40,000
	<u>—</u>	<u>40,000</u>	<u>40,000</u>
	<u>90,083</u>	<u>218,654</u>	<u>531,329</u>

The Target Company

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Analysed as:			
Bank borrowings repayable:			
— Within 1 year or on demand	83	4,654	352,729
— Over 1 year but within 2 years	—	103,500	91,900
— Over 2 years but within 5 years	90,000	70,500	46,700
	<u>90,083</u>	<u>178,654</u>	<u>491,329</u>
Other borrowings repayable:			
— Within 1 year or on demand	35,000	65,000	75,000
	<u>35,000</u>	<u>65,000</u>	<u>75,000</u>
	<u>125,083</u>	<u>243,654</u>	<u>566,329</u>

The Target Group’s and the Target Company’s borrowings are all denominated in RMB.

Details of the Target Group’s borrowings with floating rate are disclosed in Note 39 to the Historical Financial Information.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

28. DEFERRED INCOME

The Target Group and the Target Company

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants (<i>Note</i>)	15,304	11,423	11,451

Note:

The Target Group and the Target Company received government grants mainly for industrial construction. The government grants were recorded as deferred income and normally credited to profit or loss on a straight-line basis over the expected remaining lives of the related assets.

29. PROVISION

The Target Group

	Warranty provisions
	RMB’000
As at January 1, 2023	93,429
Additional provisions made	44,229
Provisions utilised	(48,987)
As at December 31, 2023	88,671
As at January 1, 2024	88,671
Additional provisions made	52,199
Provisions utilised	(49,813)
As at December 31, 2024	91,057
As at January 1, 2025	91,057
Additional provisions made	114,112
Provisions utilised	(86,100)
As at December 31, 2025	119,069

Note:

Warranty provisions are the provision for Original Equipment Manufacturers (OEMs). Under the terms of the Target Group’s sales agreements, the Target Group is responsible for product defects. At the time of sales to OEMs, the Group accrues warranty provisions for the automotive safety system components sold, which includes the Group’s best estimate of the future costs to be incurred in order to repair or replace items under warranties and recalls when identified.

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The Target Company

	Warranty provisions
	<i>RMB'000</i>
As at January 1, 2023	80,511
Additional provisions made	43,572
Provisions utilised	(36,982)
As at December 31, 2023	87,101
As at January 1, 2024	87,101
Additional provisions made	49,064
Provisions utilised	(47,440)
As at December 31, 2024	88,725
As at January 1, 2025	88,725
Additional provisions made	112,364
Provisions utilised	(84,275)
As at December 31, 2025	116,814

30. SHARE CAPITAL

The Target Group and the Target Company

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share capital	199,342	199,342	199,342

The changes in the Target Company’s authorized, issued and fully paid share capital are as follows:

	Number of shares	Share capital
	<i>'000</i>	<i>RMB'000</i>
Ordinary shares of RMB1 each		
As at January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025	199,342	199,342

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31. SHARE-BASED EMPLOYEE COMPENSATIONS

Share-based payment expenses during the Track Record Period were as follows:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Equity-settled share-based compensation	699	2,236	1,555

(a) Employee Share Ownership Plan

On April 28, 2016, core employees of the Target Group established Ningbo Fengyuan Equity Investment Partnership (L.P.) (寧波奉元股權投資合夥企業(有限合夥)) (“**Ningbo Fengyuan**”) as an employee shareholding platform. In May 2016 and April 2017, all shareholders unanimously approved the transfer of 11.18% and 5.41% equity interests held by other shareholders to Ningbo Fengyuan. In 2024, 3 employees were granted 300,000 shares with an exercise price of RMB4.25 per share as rewards for their services, full time devotion and professional expertise to the Target Group. These awards did not include service conditions, performance conditions or lock-up restrictions.

On December 28, 2020, core employees of the Target Group established Xinxiang Juxian Enterprise Management Consulting Partnership Enterprise (Limited Partnership) (新鄉市聚賢企業管理諮詢合夥企業((有限合夥)) (“**Xinxiang Juxian**”) as an employee shareholding platform. In January 2021 and September 2022, all shareholders unanimously approved the transfer of 7.00% and 0.94% equity interests held by other shareholders to Xinxiang Juxian. In 2023 and 2024, 3 and 2 employees were granted 200,000 shares and 100,000 shares with an exercise price of RMB4.25 per share. In 2025, 2 employees were granted 100,000 shares with an exercise price of RMB4.35 per share as rewards for their services, full time devotion and professional expertise to the Target Group. These awards only include lock-up restrictions, without service conditions or performance conditions. According to the partnership agreements, prior to the initial public offering and listing of the Target Group, some limited partners of Xinxiang Juxian may not transfer or otherwise dispose of their limited partnership interests or indirectly transfer equity interests in the Target Group held through the partnerships.

If employees cease employment with the Target Group during the period, the award shares above will be reallocated at the discretion of the Target Group’s management and granted to other remaining employees.

Set out below are details of the movements of the outstanding number of employee share ownership plan throughout the Track Record Period:

	Year ended December 31		
	2023	2024	2025
	’000	’000	’000
As at beginning of the year	510	710	810
Granted	200	400	100
Vested	—	(300)	—
As at end of the year	710	810	910

The fair value of the shares granted in 2023 were estimated as at the grant date by using recent transaction price, the fair value of the shares granted in 2024 and 2025 were estimated at the grant date by using income approach.

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

32. OTHER RESERVES AND RETAINED EARNINGS

The Target Group

During the Track Record Period, the amounts of the Target Group’s other reserves and retained earnings and the changes therein are presented in the consolidated statements of changes in equity.

The Target Company

	Other Reserves			Retained earnings	Total reserves
	Capital reserve	Special reserve	Statutory reserve		
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at January 1, 2023	229,915	29,135	9,870	194,932	463,852
Profit for the year	—	—	—	111,685	111,685
Total comprehensive income for the year	—	—	—	111,685	111,685
Appropriation of statutory reserve	—	—	11,168	(11,168)	—
Share-based payment expenses	699	—	—	—	699
Utilisation of safety production fund	—	(3,665)	—	—	(3,665)
Dividends declared	—	—	—	(39,868)	(39,868)
Share of special reserve of associates and joint ventures	949	—	—	—	949
As at December 31, 2023	231,563	25,470	21,038	255,581	533,652
As at January 1, 2024	231,563	25,470	21,038	255,581	533,652
Profit for the year	—	—	—	161,457	161,457
Total comprehensive income for the year	—	—	—	161,457	161,457
Appropriation of statutory reserve	—	—	16,146	(16,146)	—
Share-based payment expenses	2,236	—	—	—	2,236
Utilisation of safety production fund	—	(5,861)	—	—	(5,861)
Dividends declared	—	—	—	(9,967)	(9,967)
Disposal of associate	(2,868)	—	—	—	(2,868)
Share of special reserve of associates and joint ventures	931	—	—	—	931
As at December 31, 2024	231,862	19,609	37,184	390,925	679,580

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	Other Reserves			Retained earnings	Total reserves
	Capital reserve	Special reserve	Statutory reserve		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2025	231,862	19,609	37,184	390,925	679,580
Profit for the year	—	—	—	172,093	172,093
Total comprehensive income for the year	—	—	—	172,093	172,093
Appropriation of statutory reserve	—	—	17,209	(17,209)	—
Share-based payment expenses	1,555	—	—	—	1,555
Appropriation of safety production fund	—	1,705	—	—	1,705
Utilisation of safety production fund	—	(5,716)	—	—	(5,716)
Dividends declared	—	—	—	(39,868)	(39,868)
Share of special reserve of associates and joint ventures	448	—	—	—	448
As at December 31, 2025	233,865	15,598	54,393	505,941	809,797

33. PLEDGED ASSETS

The Target Group

At the end of each year for the Track Record Period, the Target Group’s certain assets have been pledged to secure notes payables and other purpose. The carrying amounts of the pledged assets of the Target Group at the end of each year for the Track Record Period are as follows:

	As at December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Restricted bank deposits (<i>Note 22</i>).	288,582	395,461	430,314
Financial assets at FVTOCI (<i>Note 18</i>)	216,443	86,043	41,965
	505,025	481,504	472,279

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34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities during the Track Record Period are as follows:

	Borrowings	Lease liabilities	Dividends Payable
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at January 1, 2023	100,051	10,792	—
Cash flows	23,752	(4,064)	(39,868)
Interest expense	6,293	137	—
New leases or termination	—	(1,258)	—
Dividends declared to the shareholders of the Target Company	—	—	39,868
Other non-cash movements (<i>Note</i>)	(40,000)	—	—
Others	(13)	—	—
As at December 31, 2023 and January 1, 2024	90,083	5,607	—
Cash flows	122,108	(4,421)	(9,967)
Interest expense	6,529	214	—
New leases or termination	—	634	—
Dividends declared to the shareholders of the Target Company	—	—	9,967
Others	(66)	—	—
As at December 31, 2024 and January 1, 2025	218,654	2,034	—
Cash flows	304,896	(2,822)	(39,868)
Interest expense	7,821	148	—
New leases or termination	—	2,619	—
Dividends declared to the shareholders of the Target Company	—	—	39,868
Others	(42)	—	—
As at December 31, 2025	<u>531,329</u>	<u>1,979</u>	<u>—</u>

Note:

The other non-cash movements mainly included maturity of letters of credit that did not qualify for derecognition.

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35. COMMITMENTS

At the end of each year for the Track Record Period, the Target Group’s capital commitments contracted but not provided for in the Historical Financial Information were as follows:

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Contracted, but not provided for, net of deposits paid and prepayments			
— Property, plant and equipment	649	4,407	2,620

36. RELATED PARTY TRANSACTIONS

The Target Group entered into the following related party transactions during the Track Record Period:

(a) Relationships with related parties

Name of related party	Relationship with the Target Group
Joyhigh Industrial Limited	Immediate parent entity
Just Fit Holdings Limited	Ultimate parent entity
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd.	Joint venture of the Target Company
Yubei JTEKT Steering System (Xinxiang) Co., Ltd.	Associate of the Target Company
Xinxiang Yubei Jingdao Automotive Components and Parts Co., Ltd.	Associate of the Target Company (Before November 2024 (<i>Note (i)</i>))
Xinxiang Xinhang Electromechanical Technology Co., Ltd.	Subsidiary of Aviation Industry Corporation of China, Ltd. (“ AVIC ”) (<i>Note(ii)</i>)
Jincheng Group Import and Export Co., Ltd.	Subsidiary of AVIC
Nexteer Automotive (Suzhou) Co., Ltd.	Subsidiary of AVIC
Shenzhen Aviation Standard Parts Co., Ltd.	Subsidiary of AVIC
Nanjing Jincheng Precision Machinery Co., Ltd.	Subsidiary of AVIC
Xinxiang Aviation Industry (Group) Co., Ltd.	Subsidiary of AVIC
Nexteer Automotive Systems (Liuzhou) Co., Ltd.	Subsidiary of AVIC

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Name of related party	Relationship with the Target Group
AVIC Nanjing Servo Control System Co., Ltd.	Subsidiary of AVIC
China Aviation News Co., Ltd.	Subsidiary of AVIC
AVIC Electronic Measuring Instruments (Xi’an) Co., Ltd.	Subsidiary of AVIC
Wuhan Jundeke Industry and Trade Co., Ltd.	Subsidiary of Hubei Dongjun Industrial and Commercial Co., Ltd. (“ DJIC ”) (<i>Note(iii)</i>)
Xianning Dongjun Tianhe Automobile Sales and Service Co., Ltd.	Subsidiary of DJIC
Hubei Jingjun Auto Parts Co., Ltd.	Associate of DJIC
Nissei Instruments Wuhan Co., Ltd.	Associate of DJIC
Hubei Beichen Intelligent Technology Co., Ltd.	Controlled by Mr. Zhang Chongjun

Notes:

- (i) In November 2024, the Target Company disposed all interests in Xinxiang Yubei Jingdao Automotive Components and Parts Co., Ltd. After November 2024, Xinxiang Yubei Jingdao Automotive Components and Parts Co., Ltd. was not a related party of the Target Company.
- (ii) Xinxiang Xinhang Electromechanical Technology Co., Ltd. holds 22.73% equity interest of the Target Company during the Track Record Period. AVIC is the parent company of Xinxiang Xinhang Electromechanical Technology Co., Ltd.
- (iii) DJIC holds 13.63% equity interest of the Target Company.

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(b) Transactions with related parties

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales transactions:			
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd. . .	5,688	9,485	13,087
Jincheng Group Import and Export Co., Ltd. .	10,038	5,504	7,457
Nexteer Automotive (Suzhou) Co., Ltd.	38,691	30,336	5,854
Yubei JTEKT Steering System (Xinxiang) Co., Ltd.	1,023	390	1,718
Nissei Instruments Wuhan Co., Ltd.	1,526	—	438
Xinxiang Aviation Industry (Group) Co., Ltd..	373	233	—
Nexteer Automotive Systems (Liuzhou) Co., Ltd.	—	19	—
Xinxiang Yubei Jingdao Automotive Components and Parts Co., Ltd.	2,250	1,163	N/A
	<u>59,589</u>	<u>47,130</u>	<u>28,554</u>
Procurement transactions:			
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd. . .	239,491	250,134	265,634
Yubei JTEKT Steering System (Xinxiang) Co., Ltd.	10,438	23,086	64,654
Nissei Instruments Wuhan Co., Ltd.	1,144	22,151	29,583
Hubei Jingjun Auto Parts Co., Ltd.	5,945	10,352	3,470
Shenzhen Aviation Standard Parts Co., Ltd. . .	1,849	2,360	3,237
Nanjing Jincheng Precision Machinery Co., Ltd.	2,038	866	424
Wuhan Jundeke Industry and Trade Co., Ltd. .	—	1	81
Xinxiang Yubei Jingdao Automotive Components and Parts Co., Ltd.	78,476	83,623	N/A
AVIC Electronic Measuring Instruments (Xi’an) Co., Ltd.	—	2	—
Xianning Dongjun Tianhe Automobile Sales and Service Co., Ltd.	2	1	—
Xinxiang Aviation Industry (Group) Co., Ltd..	9	—	—
AVIC Nanjing Servo Control System Co., Ltd.	3	—	—
China Aviation News Co., Ltd.	4	—	—
	<u>339,399</u>	<u>392,576</u>	<u>367,083</u>
Gross lease income:			
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd. . .	8,466	9,100	9,100
Xinxiang Aviation Industry (Group) Co., Ltd..	4,218	4,290	4,365
	<u>12,684</u>	<u>13,390</u>	<u>13,465</u>

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	Year ended December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease expenses:			
Hubei Beichen Intelligent Technology Co., Ltd.	2,668	2,321	2,254
Xinxiang Xinhang Electromechanical Technology Co., Ltd.	446	388	385
	<u>3,114</u>	<u>2,709</u>	<u>2,639</u>

(c) Balances with related parties

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables:			
Nexteer Automotive (Suzhou) Co., Ltd.	21,111	21,928	4,592
Jincheng Group Import and Export Co., Ltd. .	1,645	—	2,346
Yubei JTEKT Steering System (Xinxiang) Co., Ltd.	—	221	650
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd. . .	—	734	285
Nexteer Automotive Systems (Liuzhou) Co., Ltd.	—	20	19
Xinxiang Aviation Industry (Group) Co., Ltd..	578	2,360	—
	<u>23,334</u>	<u>25,263</u>	<u>7,892</u>

Note:

The balances were trade in nature.

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income:			
Xinxiang Aviation Industry (Group) Co., Ltd..	318	—	—

Note:

The balances were trade in nature.

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other receivables:			
Xinxiang Aviation Industry (Group) Co., Ltd..	—	116	—
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd. . .	504	—	—
	<u>504</u>	<u>116</u>	<u>—</u>

Note:

The balances were trade in nature.

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	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade and other payables:			
Yubei-CSA (Xinxiang) Auto Tech Co., Ltd. . .	105,947	165,477	127,085
Yubei JTEKT Steering System (Xinxiang) Co., Ltd.	3,506	16,285	26,097
Nissei Instruments Wuhan Co., Ltd.	—	6,375	13,926
Shenzhen Aviation Standard Parts Co., Ltd. . .	996	1,248	1,862
Xinxiang Aviation Industry (Group) Co., Ltd..	539	539	659
Nanjing Jincheng Precision Machinery Co., Ltd.	1,135	391	205
Hubei Jingjun Auto Parts Co., Ltd.	2,010	3,678	156
Wuhan Jundeke Industry and Trade Co., Ltd. .	1	2	22
Hubei Beichen Intelligent Technology Co., Ltd.	1,093	218	6
Xinxiang Yubei Jingdao Automotive Components and Parts Co., Ltd.	60,631	—	N/A
	<u>175,858</u>	<u>194,213</u>	<u>170,018</u>

Note:

The balances were trade in nature.

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Borrowing:			
Yubei JTEKT Steering System (Xinxiang) Co., Ltd.	—	40,000	40,000
	<u>—</u>	<u>40,000</u>	<u>40,000</u>

(d) Compensation of key management personnel of the Target Group:

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees.	234	234	234
Salaries, allowances, bonuses and benefits in kind	9,922	11,612	13,530
Retirement scheme contributions	647	696	860
Total compensation paid to key management personnel	<u>10,803</u>	<u>12,542</u>	<u>14,624</u>

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37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument as at the end of each year for the reporting period are as follows:

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial assets			
Financial assets at amortised cost			
— Trade and notes receivables	882,988	1,009,190	1,017,012
— Other receivables	9,145	16,879	2,106
— Restricted bank deposits	288,582	395,461	430,314
— Cash at bank and on hand	90,380	215,066	248,614
Financial assets at FVTOCI			
— Notes receivables measured at FVTOCI .	390,518	397,436	760,007
	<u>1,661,613</u>	<u>2,034,032</u>	<u>2,458,053</u>
Financial liabilities			
Financial liabilities measured at amortised cost			
— Financial liabilities included in trade, notes and other payables	1,863,330	2,022,496	2,103,113
— Borrowings	90,083	218,654	531,329
— Lease liabilities	5,607	2,034	1,979
	<u>1,959,020</u>	<u>2,243,184</u>	<u>2,636,421</u>

38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3 : significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The table below analyses the Target Group’s financial instruments carried at fair value as at December 31, 2023, 2024 and 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

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(a) Fair value hierarchy

As at December 31, 2023, 2024 and 2025, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023				
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	—	—	390,518	390,518
As at December 31, 2024				
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	—	—	397,436	397,436
As at December 31, 2025				
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	—	—	760,007	760,007

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price, and the fair value of those not traded in an active market is determined by the Target Group using valuation technique. The valuation models used discounted cash flow approach. The inputs of the valuation technique are discount rate.

Assets subject to Level 3 fair value measurement were notes receivables measured at FVTOCI. These assets were measured using discounted cash flow approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the Track Record Period, there was no transfer into or out of Level 3. The quantitative information of fair value measurements as at December 31, 2023, 2024 and 2025 for Level 3 is as follows:

		As at December 31			Valuation technique and key input(s)	Impact of significant unobservable input	Range of inputs	Sensitivity of fair value to the input
Fair value hierarchy		2023	2024	2025				
		RMB'000	RMB'000	RMB'000				
Financial assets at FVTOCI								
— Notes receivables measured at FVTOCI.	Level 3	390,518	397,436	760,007	Discount rate	The higher the discounted rate, the lower the fair value	0.1%–2.55%	A 10% increase or decrease in the discount rate as at December 31, 2023, 2024 and 2025 would lead to a corresponding decrease or increase in the fair value of the relevant assets by RMB 121,000, RMB 84,000 and RMB 63,000, respectively.

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(c) Fair value measurements using significant unobservable inputs (Level 3)

	Year ended December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Notes receivables measured at FVTOCI			
Opening balance	307,196	390,518	397,436
Additions	1,994,991	1,971,006	1,945,573
Disposals/settlements	(1,911,669)	(1,964,088)	(1,583,002)
Closing balance	<u>390,518</u>	<u>397,436</u>	<u>760,007</u>

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Target Group mainly comprise cash at bank and on hand, restricted bank deposits, financial assets at fair value through other comprehensive income and borrowings, the main purpose of which is to support for the operations of the Target Group. The Target Group has various other financial assets and liabilities such as trade, notes and other receivables, trade, notes and other payables, which arise directly from its operations.

The risks of the Target Group’s financial instruments are mainly arising from foreign currency risk, interest rate risk, credit risk and liquidity risk. The directors of the Target Company review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at December 31, 2023, 2024 and 2025, the Target Group’s major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD	JPY
	RMB’000	RMB’000
As at December 31, 2023		
Assets	3,363	1,274
Liabilities.	—	—
Net exposure	<u>3,363</u>	<u>1,274</u>
As at December 31, 2024		
Assets	6,382	1,684
Liabilities.	—	—
Net exposure	<u>6,382</u>	<u>1,684</u>
As at December 31, 2025		
Assets	6,998	1,587
Liabilities.	—	—
Net exposure	<u>6,998</u>	<u>1,587</u>

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Sensitivity analysis

The following table details the Target Group’s sensitivity to a 10% increase and decrease in RMB against USD and JPY. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding USD and JPY denominated monetary items and adjusts their translation at the end of each year for the Track Record Period for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit before income tax where RMB strengthen 10% against USD and JPY. For a 10% weakening of RMB against USD and JPY, there would be an equal and opposite impact on the profit before income tax and the amounts below would be positive.

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
USD	(336)	(638)	(700)
JPY	(127)	(168)	(159)

Interest rate risk

The Target Group’s interest rate risk primarily arises from long-term interest-bearing borrowings with a floating interest rate. The Target Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts.

The Target Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Target Group.

The following tables list out the interest rate profiles of the Target Group’s variables interest-bearing financial instruments as at December 31, 2023, 2024 and 2025:

	As at December 31		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Floating rate instruments.....			
— Borrowings	30,027	118,606	241,658

The benchmark rates of floating rate borrowings were 1-year Loan Prime Rate (“LPR”) as at December 31, 2023, 2024 and 2025. The interest rates of floating rate borrowings as at December 31, 2023, 2024 and 2025 was 2.90%, 2.80%–3.00% and 2.24%–2.65%, respectively. If interest rates of floating rate instruments had been 100 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher by approximately RMB84,000, RMB1,074,000 and RMB1,458,000 as at December 31, 2023, 2024 and 2025, respectively.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Group. The Target Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations.

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The Target Group’s maximum exposure to credit risk is represented by cash at bank and on hand, restricted bank deposits, trade receivables, notes receivables and other receivables, as disclosed in Note 37 to the Historical Financial Information. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Target Group has concentration of credit risk as 31.18%, 22.88% and 27.82% of the total trade and notes receivables was due from the Target Group’s largest customer as at December 31, 2023, 2024 and 2025, respectively. The Target Group has concentration of credit risk as 60.50%, 57.39% and 73.01% of the total trade and notes receivables was due from the Target Group’s five largest customers as at December 31, 2023, 2024 and 2025, respectively.

As at December 31, 2023, 2024 and 2025, The Target Group has no credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk.

(a) Cash at bank and on hand and restricted bank deposits

To manage risk arising from cash at bank and on hand and restricted bank deposits, the Target Group only transacts with state-owned or reputable 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 counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Cash at bank and on hand and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

(b) Trade and notes receivables and notes receivables measured at FVTOCI

The Target Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. To measure the expected credit losses, trade and notes receivables have been grouped based on shared credit risk characteristics and ageing.

The expected loss rates are determined by reference to the credit rating analysis of respective customers and external data or based on the payment profiles of sales over a period before the respective period ends and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Target Group has identified the Gross Domestic Product (“GDP”) and inflation rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade and notes receivables are related to customers who are experiencing unexpected economic difficulties. The Target Group expects that there will be difficulty in recovering the amounts of the receivables partially or entirely and has recognised impairment losses.

The Target Group’s trade and notes receivables as described in Note 20 mainly represented receivables received from the sales of goods to customers.

Trade and notes receivables

Except for receivables assessed for credit risk on an individual basis, the Target Group groups its receivables portfolios based on common credit risk characteristics.

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As at December 31, 2023, 2024 and 2025, the allowance for impairment for the trade and notes receivables were determined as follows:

	Gross carrying amount	Allowance for impairment	Expected loss rate
	RMB’000	RMB’000	%
As at December 31, 2023			
Assessed based on common credit risk.	929,596	(46,608)	5.01
Assessed individually	80,117	(80,117)	100.00
	<u>1,009,713</u>	<u>(126,725)</u>	<u>12.55</u>
As at December 31, 2024			
Assessed based on common credit risk.	1,062,378	(53,188)	5.01
Assessed individually	91,681	(91,681)	100.00
	<u>1,154,059</u>	<u>(144,869)</u>	<u>12.55</u>
As at December 31, 2025			
Assessed based on common credit risk.	1,070,579	(53,567)	5.00
Assessed individually	91,198	(91,198)	100.00
	<u>1,161,777</u>	<u>(144,765)</u>	<u>12.46</u>

Notes receivables measured at FVTOCI

All of notes receivables measured at FVTOCI were issued by banks. Notes receivables measured at FVTOCI are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Accordingly, the impairment provision is immaterial.

Other receivables

Over the term of other receivables, the Target Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, the Target Group compares the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity, hence the ECL is minimal. The impairment on other receivables as stated in Note 21 to the Historical Financial Information, which were accounted for as amortised cost is measured as either 12-month ECL or

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

lifetime ECL. On such basis, the following table sets forth the impairment for other receivables as at December 31, 2023, 2024 and 2025, the balances of other receivables are classified as Stage 1 without any significant increase in credit risk tracked since initial recognition:

	Gross carrying amount <i>RMB'000</i>	Allowance for impairment <i>RMB'000</i>	Expected loss rate %
As at December 31, 2023			
Other receivables	10,541	(1,396)	13.24
As at December 31, 2024			
Other receivables	18,601	(1,722)	9.26
As at December 31, 2025			
Other receivables	3,974	(1,868)	47.01

Liquidity risk

The Target Group aims to maintain sufficient cash at bank and on hand. Due to the dynamic nature of the underlying businesses, the Target Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Target Group’s financial liabilities by relevant maturity groupings based on the remaining period since the end of each year for the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year <i>RMB'000</i>	1 to 2 years <i>RMB'000</i>	2 to 3 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at December 31, 2023				
Financial liabilities included in trade, notes and other payables	1,863,330	—	—	1,863,330
Borrowings	2,783	2,700	91,505	96,988
Lease liabilities	4,299	1,586	—	5,885
	1,870,412	4,286	91,505	1,966,203
As at December 31, 2024				
Financial liabilities included in trade, notes and other payables	2,022,496	—	—	2,022,496
Borrowings	49,785	107,278	70,630	227,693
Lease liabilities	2,127	—	—	2,127
	2,074,408	107,278	70,630	2,252,316
As at December 31, 2025				
Financial liabilities included in trade, notes and other payables	2,103,113	—	—	2,103,113
Borrowings	401,556	93,644	46,990	542,190
Lease liabilities	1,038	1,038	—	2,076
	2,505,707	94,682	46,990	2,647,379

APPENDIX IB ACCOUNTANTS’ REPORT OF THE TARGET GROUP

Capital management

The primary objectives of the Target Group’s capital management are to safeguard the Target Group’s ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Target Group sets the amount of capital in proportion to risk. The Target Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Target Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at December 31		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total assets	2,906,391	3,299,770	3,824,844
Total liabilities	2,189,227	2,462,546	2,871,219
Liability-to-asset ratio	75.32%	74.63%	75.07%

40. CONTINGENT LIABILITY

As of December 31, 2023, 2024 and 2025, the Target Group has no significant outstanding litigation or contingent liability that in the opinion of the directors of the Target Company would have material impact to the Target Group’s financial position.

41. EVENT AFTER THE END OF THE REPORTING PERIOD

On February 25, 2026 and April 28, 2026, the Company entered into a share transfer agreement and a supplemental agreement with the four existing shareholders of the Target Company, pursuant to which each of the four existing shareholders (all being Independent Third Parties) of the Target Company conditionally agreed to transfer and the Company conditionally agreed to acquire 30.4365%, 15.0817%, 3.6364% and 1.8182% equity interest in the Target Company, respectively (the “**Acquisition**”) at a consideration of RMB669,602,185, RMB331,797,815, RMB80,000,000 and RMB40,000,000, respectively. As of the date of this report, the Acquisition has not been completed. Upon completion, the Target Company will be owned as to 50.9727% by the Company and become a non-wholly-owned subsidiary of the Company.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company, the Target Group or any of the companies comprising the Target Group in respect of any period subsequent to December 31, 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) Basis of preparation

On February 25, 2026, Bethel Automotive Safety Systems Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) entered into a share transfer agreement with four existing shareholders of Yubei Steering System (Xinxiang) Co., Ltd. (“**Yubei Steering**”) to acquire 50.9727% equity interests in Yubei Steering (the “**Acquisition**”). Pursuant to a supplemental agreement entered into by the Company and the four existing shareholders of Yubei Steering on April 28, 2026, the transaction consideration for the Acquisition was agreed to be RMB1,121,400,000. The Acquisition is anticipated to be completed in the near future. The Acquisition will be accounted for as a business combination.

The following is a summary of an illustrative and unaudited pro forma consolidated statement of assets and liabilities of the Group and Yubei Steering (the “**Enlarged Group**”) (the “**Unaudited Pro Forma Financial Information of the Enlarged Group**”), which have been prepared on the basis of the notes set out below for the purpose of illustrating the impact of the Acquisition on the Group’s consolidated statement of financial position as at December 31, 2025 as if the Acquisition had been completed as at December 31, 2025.

This Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules and Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at December 31, 2025 or at any future date following the completion of the Acquisition.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based on the audited consolidated statement of financial position of the Group as at December 31, 2025 as set out in the accountants’ report of the Group included in Appendix IA to the Document, the audited consolidated statement of financial position of Yubei Steering as at December 31, 2025 as set out in the accountants’ report of Yubei Steering included in Appendix IB to the Document, after giving effect to the pro forma adjustments relating to the Acquisition as described in the accompanying notes. Narrative description of the pro forma adjustments that are (i) directly attributable to the Acquisition and not relating to future events or decisions; and (ii) factually supported, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on a number of assumptions, estimates, and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed as at December 31, 2025. The Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict future financial positions of the Enlarged Group.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

(2) Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at December 31, 2025

	The Group	Yubei Steering	Pro forma adjustments	Unaudited pro forma statement of assets and liabilities of the Enlarged Group
	<i>RMB'000</i> <i>Note 1</i>	<i>RMB'000</i> <i>Note 2</i>	<i>RMB'000</i> <i>Note 3</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	3,529,492	522,590	147,475	4,199,557
Right-of-use assets	152,132	48,674	62,633	263,439
Intangible assets	21,734	23,993	410,018	455,745
Investment properties	—	820	1,870	2,690
Investments in associates and joint ventures	—	378,626	554,893	933,519
Financial assets at fair value through profit or loss	165,993	—	—	165,993
Financial assets at fair value through other comprehensive income	84,137	—	—	84,137
Time deposits	242,557	—	—	242,557
Prepayments, other receivables and other assets	75,628	39,473	—	115,101
Deferred tax assets	16,796	70,970	(1,718)	86,048
	<u>4,288,469</u>	<u>1,085,146</u>	<u>1,175,171</u>	<u>6,548,786</u>
Current assets				
Inventories	1,807,420	257,644	22,947	2,088,011
Trade and notes receivables	3,908,601	1,017,012	—	4,925,613
Prepayments, other receivables and other assets	474,641	26,088	—	500,729
Financial assets at fair value through profit or loss	2,512,133	—	—	2,512,133
Financial assets at fair value through other comprehensive income	2,108,214	760,007	—	2,868,221
Restricted bank deposits	14,621	430,314	—	444,935
Prepaid income tax	2,520	19	—	2,539
Time deposits	391,988	—	—	391,988
Cash at bank and on hand	1,767,075	248,614	(341,400)	1,674,289
	<u>12,987,213</u>	<u>2,739,698</u>	<u>(318,453)</u>	<u>15,408,458</u>

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

			Pro forma adjustments	Unaudited pro forma statement of assets and liabilities of the Enlarged Group
	The Group	Yubei Steering		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	
Current liabilities				
Trade, notes and other payables	5,613,090	2,181,323	—	7,794,413
Contract liabilities	40,350	25,667	—	66,017
Borrowings	31,053	392,729	—	423,782
Bond payables	1,401	—	—	1,401
Lease liabilities	3,516	1,000	—	4,516
Income tax payable	98,124	392	—	98,516
	<u>5,787,534</u>	<u>2,601,111</u>	<u>—</u>	<u>8,388,645</u>
Net current assets	<u>7,199,679</u>	<u>138,587</u>	<u>(318,453)</u>	<u>7,019,813</u>
Total assets less current liabilities	<u>11,488,148</u>	<u>1,223,733</u>	<u>856,718</u>	<u>13,568,599</u>
Non-current liabilities				
Trade, notes and other payables	72,346	—	—	72,346
Borrowings	47,690	138,600	780,000	966,290
Bond payables	2,592,200	—	—	2,592,200
Lease liabilities	11,476	979	—	12,455
Deferred income	157,323	11,451	(11,451)	157,323
Provision	167,865	119,069	—	286,934
Deferred tax liabilities	24,528	9	152,921	177,458
	<u>3,073,428</u>	<u>270,108</u>	<u>921,470</u>	<u>4,265,006</u>
Net assets	<u>8,414,720</u>	<u>953,625</u>	<u>(64,752)</u>	<u>9,303,593</u>

Notes:

1. The amounts are extracted from the audited consolidated statement of financial position of the Group as at December 31, 2025 as set out in the accountants' report of the Group included in Appendix IA to the Document.
2. The amounts are extracted from the audited consolidated statement of financial position of Yubei Steering as at December 31, 2025 as set out in the accountants' report of Yubei Steering included in Appendix IB to the Document.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

3. The pro forma adjustment reflects the allocation of the cost of the Acquisition to the identifiable assets and liabilities of Yubei Steering which represents:

- (a) The consideration of RMB[1,121,400,000] in relation to the Acquisition.

Pursuant to the preliminary agreements, the transaction consideration for the Acquisition was agreed to be RMB1,121,400,000 in cash. The Group intends to obtain a loan to finance the payment for RMB780,000,000 of the consideration under the Acquisition, and the remaining RMB341,400,000 of the consideration will be paid using the Company’s own funds. The Acquisition is anticipated to be completed in the near future.

- (b) The provisional fair value adjustments on the identifiable assets and liabilities of Yubei Steering as if the Acquisition had been completed on December 31, 2025.

The Group has applied the acquisition method in accordance with IFRS 3 Business Combinations to account for the Acquisition as if the acquisition had been completed on December 31, 2025. The acquisition method of accounting requires that the consideration transferred to be allocated to the net assets, including separately identifiable assets and liabilities acquired, based on their estimated fair values. In applying acquisition method of accounting, the identifiable assets and liabilities of Yubei Steering acquired would be recorded on the pro forma consolidated statement of assets and liabilities of the Enlarged Group at their fair values as at the date of completion of the Acquisition.

The directors of the Company have estimated the fair values of the identifiable assets and liabilities of Yubei Steering based on a draft valuation report prepared by an independent valuer. The final fair values of identifiable assets and liabilities of Yubei Steering resulting from the business combination on the date of completion may be different from that assessed by the directors of the Company as shown above.

- (c) Recognition of goodwill in relation to the Acquisition

Goodwill of the Enlarged Group represents the excess of the cost of the Acquisition over the estimated fair values of the identifiable net assets of Yubei Steering. For the purpose of the preparation of the Unaudited Pro Forma Financial Information and for illustrative purpose, the recognition of goodwill arising from the Acquisition is analysed as follows:

	<i>Notes</i>	<i>RMB’000</i>
Total identifiable net assets of Yubei Steering at book value	<i>a</i>	953,625
Fair value adjustments	<i>b</i>	1,010,843
Deferred income tax liabilities arising from fair value adjustments	<i>b</i>	(152,921)
Total identifiable net assets of Yubei Steering at fair value.	<i>b</i>	1,811,547
Less: fair value of identifiable net assets attributable to the non-control interests of Yubei Steering		(1,413)
Fair value of identifiable net assets attributable to owners of Yubei Steering		1,810,134
Proposed shareholding percentage to be acquired		50.9727%
Fair value of identifiable net assets attributable to the Group		922,674
Purchase consideration.	<i>3(a)</i>	1,121,400
Goodwill.		198,726

Notes:

- a. The amounts are extracted from the audited consolidated statement of financial position of Yubei Steering as at December 31, 2025 as set out in the accountants’ report of Yubei Steering included in Appendix IB to the Document.
- b. Fair value adjustments mainly related to intangible assets, property, plant and equipment, investments in associates and joint ventures and right-of-use assets. Deferred income tax liabilities have been recognised for the temporary differences arising from the fair value adjustments. The directors of the Company have estimated the fair values of the identifiable assets and liabilities of Yubei Steering, based on a draft valuation report prepared by an independent valuer, and have applied it as the fair value of the identifiable assets and liabilities of Yubei Steering in preparing the Unaudited Pro Forma Financial Information of the Enlarged Group. Since the fair values of identifiable net assets of Yubei Steering at the completion date of the Acquisition may be substantially different from the fair values used in the preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the fair values of the identifiable net assets of Yubei Steering to be recognised in connection with the Acquisition may be different from the amounts presented above.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

- c. According to the Company’s accounting policy on the goodwill impairment that conforms with the requirement of the International Accounting Standard 36 “Impairment of Assets”, after initial recognition, the goodwill will be measured at cost less any accumulated impairment losses. The goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, the goodwill is, from the completion date, allocated to the Enlarged Group’s cash generating units, that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities of the Enlarged Group are assigned to those units or groups of units. Further, impairment is determined by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than the carrying amount of the units, an impairment loss will be recognised by reducing the carrying amount of any goodwill allocated to the units at first.

For purposes of the Unaudited Pro Forma Financial Information, goodwill has been allocated to one cash generating unit, representing the business of Yubei Steering. The recoverable amount of this cash generating unit has been determined based on a value in use calculation as at December 31, 2025, which is calculated using assumptions of growth rate and discount rate. Other assumptions for the value in use calculation relate to the estimation of cash inflows/outflows and such estimation is based on the past performance and management’s expectations. The directors of the Company have concluded, after such assessment, no impairment in respect of the goodwill should be recorded in the Unaudited Pro Forma Financial Information as of 31 December 2025. The directors of the Company have further determined that any reasonable possible change in the key assumptions would not cause the unit’s carrying amount to exceed its recoverable amount as at 31 December 2025 for the purpose of the Unaudited Pro Forma Financial Information.

The Company will adopt consistent accounting policies to assess the impairment of goodwill in the preparation of annual financial statements subsequent to the completion of the Acquisition.

4. Other than the above adjustments, no other adjustments have been made to reflect any trading results or other transactions of the Group and Yubei Steering entered into subsequent to December 31, 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential [REDACTED] with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential [REDACTED]. For discussion of laws and regulations specifically governing the business of the Company, please see section entitled “Regulatory Overview” in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 amendment) (《中華人民共和國立法法(2023年修正)》) (the “**Legislation Law**”), the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people’s governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

APPENDIX III SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people’s governments of the provinces or autonomous regions is greater than that of the rules enacted by the people’s governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations or separate regulations which have been approved by the SCNPC but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people’s congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people’s congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people’s governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people’s governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People’s Court of the PRC (the “**Supreme People’s Court**”) has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People’s Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People’s Court, the local people’s courts and special people’s courts.

The local people’s courts are comprised of the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The higher people’s courts supervise the primary and intermediate people’s courts. The people’s procuratorates also have the right to exercise legal supervision over the civil proceedings of people’s courts of the same level and lower levels. The Supreme People’s Court is the highest judicial body in the PRC. It supervises the judicial administration of the people’s courts at all levels and special people’s courts.

The people’s courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people’s court to the people’s court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People’s Court

APPENDIX III SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

are also final. However, if the Supreme People’s Court or a people’s court at a higher level finds an error in a judgment or an order which has been given in any people’s court at a lower level, or the presiding judge of a people’s court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (2023 amendment) (《中華人民共和國民事訴訟法(2023修正)》) (the “**Civil Procedure Law**”), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff’s or the defendant’s domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country’s judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people’s court or an award made by an arbitration panel in the PRC, the other party may apply to the people’s court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

Where a party applies for enforcement of judgment or ruling of a people’s court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE COMPANY LAW AND ADMINISTRATIVE MEASURES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law (2023 revision) (《中華人民共和國公司法(2023修訂)》) which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest amendment of which was implemented on July 1, 2024;
- Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) which were promulgated by the CSRC on February 17, 2023, came into effect on March 31, 2023, applicable to the overseas share subscription and listing of joint stock limited companies;

APPENDIX III SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- The Guidelines for Articles of Association of Listed Companies (2025 revision) (《上市公司章程指引(2025修訂)》) (the “**Guidance for Articles of Association**”) which was latest amended and came into effect on March 28, 2025 by the CSRC.

Set out below is a summary of the major provisions of the Company Law and the Trial Measures applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Where any laws stipulate that a joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies, such requirements shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters shall pay the subscription monies in full for the shares they have subscribed for before the company is incorporated.

The convening and voting procedures of the establishment meeting of a joint-stock company established by way of promotion shall be stipulated in the company’s articles of association or the agreement between the promoters. The sponsors who raise funds to establish a joint-stock company shall preside over and convene the establishment meeting of the company within thirty days from the date of full payment of the shares that should be issued when the company is established, and notify all subscribers or announce the date of the meeting 15 days prior to the date of the establishment meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the report on organization of the company, the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must authorize a representative to apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

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If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company shall issue registered share.

Under the Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and dividend distributions in foreign currency or RMB.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any subscriber.

To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the common shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the common shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classified shares provided by the State Council. A company making a public offering of shares shall not issue any of the classified shares as prescribed on items (ii) and (iii), except those issued prior to the public offering.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law.

Under the Company Law, a joint-stock company shall maintain a register of members which shall be kept at the company and set forth the following matters:

- the name and domicile of each shareholder;
- the class and number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder if the shares are issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. Where a company raises shares from the public, it shall register with the security regulatory organization under the State Council and announce the document. After the new share issuance has been paid up, an announcement shall be made.

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Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders’ general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders’ general meeting; (v) use of shares for conversion of convertible corporate bonds issued by the company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders’ equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders’ general meeting. For a company’s share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company’s board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company’s articles of association or as authorized by the shareholders’ meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company’s total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders of a joint-stock company may be transferred to other shareholders or to persons other than shareholders; if the company’s articles of association impose restrictions on the transfer of shares, such transfer shall be effected in accordance with the provisions of the company’s

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articles of association. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. Transfer of shares may be carried out by endorsement of shareholders or in other manner specified by laws and administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its register of members. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder’s general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions relevant laws, administrative regulations, or the requirements of the securities regulatory authority on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company’s listing on a stock exchange. Where laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of shares held by shareholders or de facto controllers of listed companies, such provisions shall prevail. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company’s shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the Company Law, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders’ meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect and copy the company’s articles of association, share register, minutes of shareholder’s general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company’s operations;
- the right to bring an action in the people’s court to rescind resolutions passed by shareholder’s general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company’s articles of association.

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The obligations of a shareholder include the obligation to abide by the Company’s articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company’s debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders’ obligation specified in the company’s articles of association.

Shareholders’ Meetings

The shareholders’ general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders’ general meeting exercises the following principal powers:

- to elect or remove the directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company’s proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company’s registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company’s articles of association; and
- other powers as provided for in the articles of association.

Shareholders’ annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders’ general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company’s total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company’s shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

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Under the Company Law, shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for more than 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, except for class shareholders. Shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; (iv) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors. If the board of directors has more than three members, it may include an employees' representative of the company. Where a company has 300 or more employees, the board of directors shall include the employees' representatives of the company unless the board of supervisors has been established and includes employees' representatives of the company according to law. The employees' representatives in the board of directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years.

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Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of a director during his term of office results in the number of directors being less than the quorum. If a director resigns, he shall notify the company in writing and the resignation shall take effect on the date of receipt of the notification by the company; however, if the circumstances stipulated in the preceding paragraph exist, the director shall continue to perform his duties.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' meetings and report on its work to the shareholders' meetings;
- to implement the resolutions passed in shareholders' meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system;
- to appoint or dismiss the general manager and determine their remuneration, appoint or dismiss deputy general managers, Financial Controller and other executives, determining their remuneration; and
- to exercise any other power under the articles of association or authorized by the shareholders' meeting.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman of the board of directors shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

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Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint the vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, and in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order for closure; or
- a person who is liable for a relatively large amount of debts that are overdue and being listed as a dishonest person subject to enforcement by the people's court.

Board of Supervisors

A joint stock limited company has a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice

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chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of a supervisor during his term of office results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' meetings and to convene and preside over shareholders' meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management;
- other powers specified in the articles of association; and
- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

A joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in this Law. It may not have a board of supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by this Law.

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Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or dismissed by the board of directors.

The manager shall be responsible to the board of directors and shall exercise his duties and powers in accordance with the provisions of the company's articles of association or the authorization of the board of directors. The manager shall attend board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management shall take measures to avoid conflicts between their own interests and the interests of the company, and shall not make use of their positions to gain undue advantage. They shall also owe a duty of diligence to the company and shall perform their duties with the reasonable care normally expected of a person in management position in the best interests of the company. Directors and senior management are prohibited from:

- embezzlement of company properties and misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- utilizing power to accept bribe or accept other illegal income;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

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Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. A company that issues shares to the public must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. When utilizing reserve funds to make up for a company's losses, the discretionary reserve fund and statutory reserve fund should be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with regulations. Upon the conversion of statutory common reserve fund into increasing the registered capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting, board of directors or board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, board of directors or board of supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

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Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company’s articles of association must be made in accordance with the procedures set out in the company’s articles of association. In relation to matters involving the company’s registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders’ general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be revoked; or (v) the company is dissolved by the people’s court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management and the ongoing existence of the company would bring significant losses for shareholders that cannot be resolved through other means.

In the event of (i) or (ii) above and in case that no assets have been distributed to shareholders, it may carry on its existence by amending its articles of association or by a resolution of shareholders’ meeting. The amendment of the articles of association or by a resolution of shareholders’ meeting in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders’ general meeting.

Where the company is dissolved in the circumstances described in items (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The liquidation committee shall be composed of directors, unless the company’s articles of association provide otherwise or the shareholders’ meeting resolves to elect someone else. If the liquidation obligator fails to fulfill its liquidation obligations in a timely manner and causes losses to the company or creditors, it shall be liable for compensation. If a liquidation committee is not established within the stipulated period or if the liquidation is not carried out after the establishment of the liquidation committee, the interested parties may apply with the people’s court for setting up a liquidation committee with designated relevant personnel to conduct the liquidation. The people’s court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company’s assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company’s outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;

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- to distribute the company’s remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company’s creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders’ general meeting or people’s court for confirmation.

The company’s remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company’s properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company’s properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people’s court for a declaration for bankruptcy liquidation.

Following the acceptance of application for bankruptcy by the People’s Court, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people’s court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders’ general meeting or the people’s court for verification and the report shall be submitted to the registration authority of the company in order to cancel the company’s registration. When performing the duties in relation to the liquidation, members of the liquidation committee shall bear the duties of loyalty and diligence.

If members of the liquidation committee are reluctant in performing their liquidation duties and cause losses to the company, they shall be liable for compensation. A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

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Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people’s court to declare such certificate invalid. After the people’s court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC. The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》), promulgated and implemented by the State Council on April 22, 1993, deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among

APPENDIX III SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council for listing its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**Arbitration Law**”) was passed by the SCNPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009, September 1, 2017 and September 12, 2025. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution and one party filed a lawsuit with the people’s court, the people’s court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award made by the PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People’s Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People’s Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on May 19, 2001 and was amended by the Supplemental Arrangement of the Supreme People’s Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative

APPENDIX III SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Region (2021) (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排(2021)》). In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Old Arrangement**”) promulgated by the Supreme People’s Court on July 3, 2008 and implemented on August 1, 2008, which was expired, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People’s Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. “Choice of court agreement in written” refers to a written agreement defining the exclusive jurisdiction of either the People’s Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”), which replaces the Old Arrangement and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement came into effect on January 29, 2024.

APPENDIX IV

SUMMARY OF THE ARTICLES OF ASSOCIATION

This Appendix mainly provides [REDACTED] with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to [REDACTED].

SHARES ISSUES

The shares of the Company shall be [REDACTED] in an open, fair and equal manner. Each share of the same class shall rank *pari passu* with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the capital by the following ways upon approval of resolutions at the Shareholders’ general meeting:

- (i) Public issuance of shares;
- (ii) Non-public issuance of shares;
- (iii) Distribution of bonus shares to existing shareholders;
- (iv) Converting the reserve funds into share capital;
- (v) Other means approved by the laws, administrative regulations or approved by the CSRC.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in Company Law of the PRC, other related regulations and the Articles of Association.

Repurchase of Shares

Company shall not to repurchase its own shares, except under any of the following circumstances in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the stock exchange where the Company’s shares are listed, and the provisions of the Articles of Association:

- (i) Reduce our Company’s registered capital;
- (ii) Merger with other companies which hold our shares;
- (iii) Using the shares for employee shareholding schemes or as equity incentives;
- (iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders’ general meeting upon their request;
- (v) Use of shares for conversion of convertible corporate bonds issued by the Company;
- (vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

The Company may acquire its own shares by centralized bidding transactions or other means approved by laws, regulations, the CSRC, and the Hong Kong Stock Exchange, provided that it complies with the applicable securities regulatory rules of the place where the Company’s shares are listed.

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Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) or (vi) as set out above, such acquisition shall be conducted through public centralized trading.

Where the Company acquires its shares under the circumstances prescribed in items (i) and (ii) as set out above, such acquisition shall be resolved at a general meeting. Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) and (vi) as set out above, such acquisition shall be resolved at a Board meeting attended by at least 2/3 of the directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

Where the Company acquires its shares under the circumstances prescribed in item (i) as set out above, such shares shall be canceled within ten days from the date of acquisition. Where the shares are acquired under the circumstances prescribed in items (ii) and (iv) as set out above, such shares shall be transferred or canceled within six months. Where the shares are acquired under the circumstances prescribed in items (iii), (v) and (vi) as set out above, the total number of the shares held by the Company shall not exceed 10% of the total issued shares, and such shares shall be transferred or canceled within three years.

Notwithstanding the above provisions, if the applicable laws, regulations, other provisions of the Articles of Association, or the laws or securities regulatory authorities of the place where the Company's shares are listed have other provisions regarding the repurchase of the Company's shares, the Company shall comply with such provisions, provided that such compliance does not violate applicable PRC laws and regulations including the Company Law, the Securities Law, the Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, and other relevant domestic laws and regulations.

After the Company repurchases its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law, the Hong Kong Listing Rules, and other applicable laws, regulations, and regulatory provisions of the place where the Company's shares are listed

Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws.

Shares issued by the Company prior to its public offering of A Shares shall not be transferred within one year from the date of listing and trading of the Company's shares on the Shanghai Stock Exchange.

The Directors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferable by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are [REDACTED] for [REDACTED]. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the laws, administrative regulations or listing rules of the place where the Company's shares are [REDACTED] provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors, senior management members or shareholders holding 5% or more of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be

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responsible for recovering such gains from the abovementioned parties. However, the disposal of such shares by securities companies holding more than 5% of the shares as a result of the outstanding shares acquired under [REDACTED], and other circumstances stipulated by the CSRC and the SEHK, are excluded.

Shares or other securities with the nature of equity held by Directors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall set up a register of shareholders based on the certificates provided by the securities settlement agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. The original register of H shareholders shall be kept in Hong Kong, and the appointed overseas agent shall ensure that the original and duplicate copies of the overseas-listed share register remain consistent at all times. The Hong Kong branch register of shareholders must be available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are [REDACTED]. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

- (i) To receive dividends and other distributions in proportion to the number of shares held;
- (ii) To request the holding of, convene, preside over, attend or to appoint proxy to attend general meetings and exercise corresponding rights to vote in accordance with the law;
- (iii) To monitor, make suggestions on or question the Company's operation;
- (iv) To transfer, donate or pledge shares in his/her/its possession in accordance with the law, administrative regulations, and provisions of the Articles of Association;
- (v) To inspect and duplicate the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the meetings of the Board of Directors, and financial and accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and certificates;
- (vi) In the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (vii) The shareholders disagreeing with the merger or separation resolution made by the general meeting are entitled to ask the Company to acquire their shares;

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- (viii) Other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are [REDACTED] and the Articles of Association.

If a resolution passed at the Company’s general meeting or the Board meeting violates laws or administrative regulations, shareholders have the right to institute proceedings before a people’s court to render the resolution invalid. If the procedures for convening, or the method of voting at, a general meeting or a Board meeting violate laws, administrative regulations or the Articles of Association, or a resolution violates the Articles of Association, shareholders are entitled to institute proceedings before a people’s court to rescind such resolution within 60 days of the adoption of such resolution, unless the procedures for convening, or the method of voting at, a general meeting or a Board meeting only contains a minor defect without a substantial impact on the resolution.

In the event of any loss caused to our Company as a result of violation of any laws, administrative regulations or Articles of Association by the Directors other than members of the Audit Committee or senior management when performing their duties in our Company, the Shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the people’s court. Where the members of Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to our Company, the Shareholders may submit a written request to the Board of Directors to file an action with the people’s court.

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders’ written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of our Company, the Shareholder(s) specified in the preceding paragraph may, in their own name, directly file an action to the court for the interest of our Company.

In the event of a director or senior management person violates laws, administrative regulations or our Company’s Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the court.

The obligations of Shareholders are as follows:

- (i) To abide by laws, administrative regulations and the Articles of Association;
- (ii) To provide Share capital according to the Shares subscribed for and Share participation methods;
- (iii) Not to return Shares unless prescribed otherwise in laws and administrative regulations;
- (iv) Not to abuse Shareholders’ rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company’s status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company’s creditors;
- (v) To perform other duties prescribed in laws, administrative regulations, and the Articles of Association.

Any Shareholder who abuses Shareholders’ rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company’s creditors shall assume joint and several liability for the Company’s debts.

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Controlling Shareholders and Actual Controllers

Controlling shareholders and actual controllers of the Company shall comply with the following provisions:

- (i) To exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;
- (ii) To strictly implement the public statements and undertakings made and shall not change or waive them;
- (iii) To fulfill information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (iv) Not to appropriate the Company's funds in any way;
- (v) Not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (vi) Not to make use of the Company's undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (vii) Not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, foreign investment or any other means;
- (viii) To ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (ix) Other provisions of laws, administrative regulations, the CSRC rules, the rules of the stock exchange where the shares of the Company are [REDACTED] and the Articles of Association.

Where a controlling shareholder or actual controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or actual controller of the Company instructs a director or senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or senior management.

General Rules of the General Meeting

The General Meeting shall consist of all the shareholders. The General Meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with the law:

- (i) To elect and replace directors who are not employee representatives, and to decide on matters relating to the remuneration of directors;
- (ii) To consider and approve the reports of the Board;

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- (iii) To consider and approve the Company's profit distribution plans and loss recovery plans;
- (iv) To resolve on the increase or reduction of the registered capital of the Company;
- (v) To resolve on the issue of bonds of the Company;
- (vi) To resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (vii) To amend the Articles of Association;
- (viii) To resolve on the appointment and dismissal of the accounting firm that undertakes the auditing activities of the Company;
- (ix) To consider and approve the guarantee matters stipulated in Article 47 of the Articles of Association;
- (x) To consider matters where the company purchases or sells significant assets within one year with an amount exceeding 30% of the company's latest audited total assets;
- (xi) To consider and approve the change in use of proceeds;
- (xii) To consider share incentive schemes and employee share ownership schemes;
- (xiii) To consider other matters that shall be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the company's shares are [REDACTED], or the Articles of Association.

Unless otherwise stipulated by laws, administrative regulations, departmental rules, or the securities regulatory rules of the stock exchange where the Company's shares are [REDACTED], the authorities of the aforementioned shareholders' meeting shall not be delegated to the board of directors or any other institution or individual to be exercised by proxy.

In any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of the occurrence of the circumstance:

- (i) When the number of directors is less than the statutory minimum number specified in the Company Law or is less than two-thirds of the number specified in the Articles of Association;
- (ii) When the unrecovered losses of the Company amount to one-third of the total share capital;
- (iii) When shareholders individually or together holding 10% or more of the shares of the Company request to hold such a meeting in writing;
- (iv) When the Board of Directors deems it necessary;
- (v) When the Audit Committee proposes to hold such a meeting;
- (vi) Other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Convening of General Meetings

The Board of Directors shall convene the general meeting on time within the specified period.

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Subject to the consent of more than half of all the independent directors, the independent directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board of Directors shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal

Where the Board of Directors agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement.

The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary general meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

Where the Board of Directors agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval of the Audit Committee. Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders who individually or jointly hold more than 10% of the Company's shares are entitled to request the Board of Directors to convene an extraordinary general meeting, such requisition shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary general meeting within 10 days upon receipt of the requisition.

Where the Board of Directors agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders.

Where the Board of Directors does not agree to convene the extraordinary general meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose the Audit Committee to convene the extraordinary general meeting and such requisition shall be made in writing to the Audit Committee.

Where the Audit Committee agrees to convene the extraordinary general meeting, a notice of convening such meeting shall be issued within 5 days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Audit Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the general meeting by themselves.

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If the extraordinary general meeting is convened by the Audit Committee or shareholders on their own, it shall notify the Board of Directors in writing and file a record with the Shanghai Stock Exchange at the same time. The Audit Committee or the convening shareholder shall submit the relevant documentary evidence to the Shanghai Stock Exchange concurrently with the issuance of the shareholders’ meeting notice and the announcement of the meeting resolutions. Before the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.

Where the Audit Committee or the shareholders convene a general meeting on their own, the necessary expenses incurred thereof shall be borne by the Company.

Proposals and Notices of General Meeting

When the Company convenes a general meeting, the Board of Directors, the Audit Committee and shareholders who individually or jointly hold more than 1% of the Company’s shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company’s shares may submit provisional proposals in writing to the convener 10 days prior to the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the general meeting for consideration, however, except for the provisional proposals that violates the requirements of the laws, administrative regulations, listing rules of the place where the Company’s shares are listed or the Articles of Association, or are not within the terms of reference of the general meeting.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the general meeting or not complying with the Articles of Association shall not be voted on or resolved at the general meeting.

The convener shall notify all shareholders by announcement 21 days prior to the convention of an annual general meeting, or 15 days prior to the convention of an extraordinary general meeting.

Notice of the general meeting shall contain:

- (i) The date, venue and duration of the meeting;
- (ii) Matters and proposals submitted for consideration at the meeting;
- (iii) A clear statement that: All shareholders have the right to attend shareholders’ meetings and may appoint proxies in writing to attend and vote at such meetings; such shareholder proxies need not be shareholders of the company;
- (iv) The date of record for the determination of shareholders who are entitled to attend the general meeting;
- (v) Name and telephone number of permanent contact person;
- (vi) Voting period and procedures for online or other means of voting.

The notice and supplementary notice of shareholders’ meetings shall provide full and detailed disclosure of the full specifics of all proposals.

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Holding of General Meetings

All shareholders or their proxies are entitled to attend the general meeting and speak and exercise their voting rights in accordance with the relevant laws, regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, unless individual shareholders are required to abstain voting from individual matter as stipulated by the securities regulatory rules of the place where the shares of the Company are listed.

Shareholders may attend a general meeting in person, or may appoint one or more proxies to attend and speak and vote on his/her behalf. The proxy does not need to be a shareholder of the company.

An individual shareholder that attends the meeting in person shall produce his or her own identity card or other valid documents or proof evidencing his or her identity. If he or she appoints a proxy to attend the meeting on his or her behalf, the proxy shall produce his or her own identity card and the power of attorney issued by the shareholder.

Shareholders who is a partnership shall attend at a meeting by its executing partner or a proxy authorized by the executing partner. If the executing partner attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her executing partner status. If the proxy attends the meeting, he or she shall produce his or her own identity card and the power of attorney issued by the executing partner of the partnership shareholder.

Shareholder who is a corporation shall attend at a meeting by its legal representative or a proxy authorized by the legal representative. If the legal representative attends the meeting, he or she shall produce his or her own identity card and a valid proof of his or her legal representative status. If a proxy has been appointed to attend the meeting, such proxy shall present his or her own identity card and the power of attorney issued by the legal representative of the shareholder as a corporation (except for shareholder who is a recognized clearing house and its nominees as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed).

If the shareholder is a recognized clearing house (or its nominees), it may authorize one or more persons it deems fit to act as its representative at any general meeting or any meeting of creditors; however, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may exercise rights on behalf of the recognized clearing house (or its nominees) (no shareholding voucher, notarized authorization and/or further evidence of the duly authorization is required), and shall enjoy statutory rights equivalent to those of other shareholders, including the right to speak and vote as if such person is an individual shareholder of the Company.

Voting and Resolutions at General Meetings

Resolutions of the general meeting include ordinary resolutions and special resolutions. An ordinary resolution at a general meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending at the general meeting. A special resolution at a general meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending at the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

- (i) work reports of the Board;
- (ii) plans formulated by the Board for the distribution of profits and for making up losses;

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- (iii) appointment and removal of the members of the Board of Directors, their remunerations and methods of payment;
- (iv) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a general meeting:

- (i) The increase or reduction of share capital of the Company;
- (ii) The split, merger, dissolution and liquidation of the Company;
- (iii) Amendments to the Articles of Association;
- (iv) The acquisition or disposal of major assets or guarantees within one year reaches or exceeds 30% of the Company's latest audited total assets;
- (v) Equity incentive plan;
- (vi) In the event of a change of control of the Company or a hostile takeover, the proposals submitted by the acquirer to the shareholders' meeting for the purpose of implementing the aforesaid matters, including those concerning the purchase or sale of assets, leasing in or leasing out of assets, asset donation, connected transactions, external investment (including entrusted wealth management, etc.), external guarantee or mortgage, provision of financial assistance, creditor's right or debt restructuring, conclusion of management contracts (including entrusted operation, entrusted management, etc.), transfer of research and development projects, and execution of licensing agreements;
- (vii) Removal of a director before the expiration of their term of office;
- (viii) Any other matters as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote. When casting votes, shareholders (including proxies) holding two or more votes are not required to cast all votes in favor, against, or abstain.

When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner. The shares held by the company shall have no voting rights and shall not be counted in the total shares with voting rights present at the shareholders' meeting.

If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting.

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Under applicable laws and regulations and the *Hong Kong Listing Rules*, if any shareholder is required to abstain from voting on a resolution or is restricted to voting only in favor of (or against) a resolution, votes cast by such shareholder or its representative in breach of such requirements or restrictions shall be excluded from the voting results.

The Board of the Company, independent directors, shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or requirements of the CSRC may, as the collector, independently or by entrusting a securities company or securities service agency, publicly exercise shareholder rights such as proposal rights and voting rights on behalf of the shareholder. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders’ voting rights. It is forbidden to solicit shareholders’ voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.

DIRECTORS AND THE BOARD OF DIRECTORS

General Provisions in Relation to Directors

The directors of the Company may include executive directors, non-executive directors, and independent directors. Non-executive Directors refer to Directors who do not hold management positions in the Company. Independent Directors refer to individuals who meet the requirements stipulated in Article 128 and Article 129 of the Articles of Association. A director of the Company who is a natural person shall not act as the director of the Company under any of the following circumstances:

- (i) Lacking or having limited capacity to engage in civil juristic acts;
- (ii) Having been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market; or having ever been deprived of political rights due to any crime, with less than 5 years having elapsed since the completion date of the execution of the penalty, or having been granted probation, with less than 2 years having elapsed since the completion date of the probation period;
- (iii) Acting as a director, factory director or general manager of a company or enterprise that has been bankrupt and liquidated, whereby the director is personally liable for the bankruptcy of such company or enterprise, with 3 years having not elapsed since the completion date of the bankruptcy and liquidation of the company or enterprise;
- (iv) Acting as the legal representative of a company or enterprise, but the business license of this company or enterprise has been revoked and this company or enterprise has been ordered to close due to a violation of the law, whereby the director is personally liable for the revocation, with 3 years having not elapsed since the revocation date of the business license thereof or the order to close;
- (v) Classified as a dishonest person subject to enforcement due to significant outstanding debts that have become due but have not been paid;
- (vi) Prohibited from entering the securities market by the CSRC with the penalty period not yet expired;

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- (vii) Recognized by stock exchanges as unsuitable for serving as a director or senior management officer of a listed company, with the disciplinary action period not yet expired;
- (viii) Other circumstances as stipulated by the laws, administrative regulations, other securities regulatory rules of the places where the Company's shares are listed and departmental regulation.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the articles of association, and owe fiduciary duties to the Company. They shall take measures to avoid conflicts of interest between themselves and the Company, and shall not exploit their positions to seek improper benefits. Directors owe the following fiduciary duties to the Company:

- (i) They shall not misappropriate Company property or embezzle Company funds;
- (ii) They shall not deposit Company funds into accounts opened in their personal names or in the names of other individuals;
- (iii) They shall not solicit or accept bribes or other illegal benefits through their authority;
- (iv) They shall not directly or indirectly enter into contracts or transactions with the Company unless they have reported to the Board of Directors or the General meeting and obtained approval through a resolution of the General meeting or the Board of Directors in accordance with the articles of association;
- (v) They shall not exploit their positions to seize business opportunities that rightfully belong to the Company for their own benefit or the benefit of others, except that such opportunities are reported to the Board of Directors or General meeting and approved by a resolution of the General meeting; or the Company is unable to pursue such opportunities in accordance with the relevant laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association;
- (vi) They shall not engage in any business competing with the Company, either on their own behalf or for others, unless they have reported to the Board of Directors or General meeting and obtained approval through a resolution of the General meeting;
- (vii) They shall not retain commissions derived from transactions between third parties and the Company;
- (viii) They shall not disclose Company secrets without authorization;
- (ix) They shall not harm the Company's interests through their affiliated relationships;
- (x) They shall comply with other fiduciary duties stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Any income obtained by Directors in violation of this provision shall be returned to the Company. Directors who cause losses to the Company through such violations shall be liable for compensation. Any contract or transaction entered into between the Company and immediate family members of Directors, senior management personnel, enterprises directly or indirectly controlled by Directors, senior management personnel, or their immediate family members, and other connected persons affiliated with Directors or senior management personnel, shall be governed by Article 101, Paragraph 2(iv) of the Articles of Association.

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The Directors shall abide by the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the articles of association, and have a diligent obligation to the Company, and shall perform their duties in the best interests of the Company and with the reasonable care normally due by the management.

The Directors have the following diligent obligations to the Company:

- (i) Shall exercise prudently, conscientiously and diligently the rights conferred by the Company in order to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and various economic policies, and that the business activities do not exceed the scope of business stipulated in the business license;
- (ii) All Shareholders shall be treated fairly;
- (iii) Keep abreast of the company's business operations and management status;
- (iv) Shall sign written confirmation opinions on the company's periodic reports, ensuring disclosed information is truthful, accurate and complete;
- (v) Shall faithfully furnish relevant information and materials to the Audit Committee without impeding its functions;
- (vi) Other due diligence obligations stipulated under laws, administrative regulations, departmental rules, securities regulations of the jurisdiction where the company's shares are listed, and the company's Articles of Association.

The Company shall establish a director departure management system, specifying safeguard measures for enforcing accountability and indemnification regarding unfulfilled public commitments and other outstanding matters. Upon the effective date of a director's resignation or expiration of their term, the director shall complete all handover procedures with the Board of Directors. The director's fiduciary duty to the Company and shareholders shall not automatically terminate upon conclusion of their term but shall remain effective, within the reasonable period as stipulated in the company's Articles of Association. The confidentiality obligations of a departing director shall remain valid after the end of the director's term until such secrets become public information. The duration of other obligations shall be determined based on principles of fairness, considering the time elapsed between the occurrence of relevant events and departure and the circumstances and conditions under which the relationship with the Company ended. Liability arising from the execution of official duties during the director's tenure shall neither be discharged nor terminated upon departure.

The Articles of Association do not specifically provide for the manner in which directors may own or exercise borrowing rights, but in connection with the issuance of corporate bonds, the Articles of Association contain an understanding that (1) the Board of Directors will formulate a plan for the issuance of corporate bonds, and (2) the issuance of corporate bonds will be authorized by a resolution of the general meeting.

Board of Directors

The Company shall have a Board of Directors comprising 9 directors, including 3 independent directors and 1 employee director. The Board shall elect 1 Chairman by a majority vote of all serving directors.

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The Board of Directors shall exercise the following authorities:

- (i) Convene shareholders' meetings and report on its work;
- (ii) Implement resolutions adopted by shareholders' meetings;
- (iii) Determine the Company's business plans and investment proposals;
- (iv) Formulate profit distribution plans and loss recovery schemes;
- (v) Develop plans for capital increase or reduction, bond or security issuance and listing;
- (vi) Propose schemes for major acquisitions, share repurchases, mergers, divisions, dissolution or corporate restructuring;
- (vii) Within shareholder-authorized limits, approve external investments, asset acquisitions/disposals, asset mortgages, external guarantees, entrusted asset management, connected transactions, external donations;
- (viii) Determine the structure of internal management organs;
- (ix) Appoint or dismiss the general manager, Company Secretary and other senior executives, determining their remuneration and incentives; Upon general manager nomination, appoint or dismiss Deputy general managers, Financial Controller and other executives, determining their remuneration and incentives;
- (x) Establish fundamental management systems;
- (xi) Prepare amendments to the Articles of Association;
- (xii) Oversee information disclosure matters;
- (xiii) Propose appointment/replacement of auditing accounting firms to shareholders;
- (xiv) Receive work reports from the general manager and evaluate performance;
- (xv) To adopt anti-takeover measures stipulated in these Articles of Association, as well as those not stipulated herein but not in violation of laws and regulations and not detrimental to the interests of the Company and minority shareholders, in the event of a hostile takeover of the Company;
- (xvi) Other authorities granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are listed, these Articles or shareholders' meetings.

Matters exceeding shareholder-authorized limits shall be submitted to shareholders' meetings for deliberation.

Independent Directors

Independent directors shall maintain their independence. The following individuals shall not act as independent directors:

- (i) Persons employed by the Company or its subsidiaries, as well as their spouses, parents, children, and close social relations;

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- (ii) Natural person shareholders who directly or indirectly hold more than 1% of the company's issued shares or are among the top ten shareholders of the company, as well as their spouses, parents, and children;
- (iii) Persons working for shareholders who directly or indirectly hold more than 5% of the company's issued shares or for the top five shareholders of the company, as well as their spouses, parents, and children;
- (iv) Persons working for affiliated enterprises of the company's controlling shareholder or actual controller, as well as their spouses, parents, and children;
- (v) Persons who have significant business dealings with the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, or who work for entities with such significant business dealings or their controlling shareholders or actual controllers;
- (vi) Persons who provide financial, legal, consulting, sponsorship, or other services to the company, its controlling shareholder, actual controller, or their respective affiliated enterprises, including but not limited to all members of the project team of intermediary institutions providing such services, reviewers at all levels, signatories on reports, partners, directors, senior management personnel, and principal responsible persons;
- (vii) Persons who, in the past 12 months, have fallen under any of the circumstances listed in items (i) to (vi) above;
- (viii) Other individuals deemed non-independent under laws, administrative regulations, CSRC rules, stock exchange business rules of the place where the shares of the Company are listed and the Articles of Association.

Independent directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall evaluate the independence of incumbent independent directors annually and issue a special assessment opinion, which shall be disclosed together with the annual report.

Independent directors shall exercise the following special powers:

- (i) Independently engage intermediary agencies to conduct audits, consultations, or verifications on specific matters of the Company;
- (ii) Propose to the Board of Directors the convening of an extraordinary general meeting of shareholders;
- (iii) Propose the convening of a Board meeting;
- (iv) Lawfully solicit shareholder rights from shareholders;
- (v) Express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (vi) Other powers stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The exercise of the powers listed in Items (i) to (iii) above shall be subject to the consent of more than half of all independent directors.

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The Company shall promptly disclose any exercise of authorities specified in subparagraph (i) by independent directors. Where such authorities cannot be properly exercised, the Company shall disclose sufficient details and reasons thereof.

The following matters shall be submitted to the Board of Directors for deliberation only after being approved by more than half of all independent directors:

- (i) Related-party transactions that are required to be disclosed;
- (ii) Proposals for changes to or waivers of commitments made by the Company or relevant parties;
- (iii) Decisions and measures made by the board of directors of the listed company being acquired in response to the acquisition;
- (iv) Other matters stipulated by laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Company establishes a mechanism for special meeting attended solely by independent directors. Related party transactions should be pre-approved by the special meeting of independent directors before being submitted to the Board of Directors for consideration.

The Company shall hold special meetings of independent directors on a regular or ad hoc basis. Matters listed in items (i) to (iii) of the paragraph 1 of Article 131 and Article 132 of the Articles of Association shall be considered at a special meeting of independent directors.

The special meetings of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of independent directors shall be prepared as required, with the inclusion of the opinions of the independent directors, who shall sign to confirm the minutes of the meetings.

Special Committees of the Board

The Board of the Company has established an Audit Committee, which shall exercise the functions and powers of the board of supervisors as prescribed by the Company Law.

The Audit Committee shall comprise 3 members who are non-executive directors or independent directors without executive functions, including 2 independent directors. The Committee Chairman shall be a qualified accounting professional appointed from among the independent directors.

The Audit Committee is responsible for reviewing the company's financial information and its disclosure, supervising and evaluating the internal and external audit work and internal control. Any of the following matters shall be subject to the affirmative votes of more than half of all the members of the Audit Committee before the Board of Directors makes a resolution:

- (i) Disclosing the financial and accounting reports, and financial statements and internal control evaluation report of periodic reports;
- (ii) Hiring or removing the accounting firm that undertakes the audit engagements of the company;

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- (iii) Appointing or removing the chief financial officer of the Company;
- (iv) Making changes to accounting policies or accounting estimates, or make corrections for material accounting errors for reasons other than changes in accounting standards; and
- (v) Any other matters authorized by the laws, administrative regulations, CSRC rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Audit Committee shall hold a regular meeting at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener deems necessary. A meeting of the Audit Committee may only be held when more than two thirds of the members attended. Resolutions adopted at the Audit Committee meeting must be approved by more than half of all members of the Audit Committee. Resolutions of the Audit Committee shall be passed on a "one person one vote" basis.

The Board of the Company has established special committees such as the Nomination Committee, the Remuneration and Appraisal Committee, and Strategy and Sustainable Development Committee, which perform their duties in accordance with the Articles and the authorization of the Board. The proposals of the special committees shall be submitted to the Board for review and decision making.

Senior Management Members

The Company shall have one General Manager, who shall be appointed or dismissed by the Board of Directors. The Company shall have several Deputy General Managers and one Financial Officer, who shall be appointed or dismissed by the Board of Directors.

The Company shall have a Company Secretary responsible for the preparation of the shareholders' meetings and Board meetings, custody of documents, management of shareholder information, handling information disclosure matters, investor relations activities, and other related duties.

The Company Secretary shall comply with the provisions of applicable laws, administrative regulations, departmental rules, securities regulations of the stock exchange where the Company's shares are listed, and the Company's Articles of Association.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial Accounting System

The Company shall submit and disclose an annual financial report to the CSRC dispatched office and the stock exchange where the Company's shares are listed within 4 months after the end of each fiscal year, submit and disclose its interim report to the competent authorities of CSRC and the stock exchange where the Company's shares are listed within 2 months after the end of the first half of each accounting year.

The above-mentioned annual report and interim report are prepared in accordance with relevant laws, administrative regulations, the CSRC rules, and the securities regulatory rules of the place where the shares of the Company are listed.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

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When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company’s statutory reserve until the fund has reached 50% or more of the Company’s registered capital.

When the Company’s statutory reserve is not sufficient to make up for the Company’s losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association.

If the general meeting resolves to distribute any profits to the shareholders in violation of the Company Law, the shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the shareholders, as well as any directors, and senior officers responsible for the violation, shall be liable for compensation.

The Company shall not distribute any profits in respect of the shares held by it.

The Company is required to appoint one or more receiving agent(s) in Hong Kong for shareholders of H shares. The receiving agent(s) shall receive and hold on behalf of such shareholders of H shares any dividends allocated to H shares and other amounts payable by the Company, and transmit such payments to such shareholders of H shares. The receiving agent(s) appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed.

The provident fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being capitalized.

When using the Company’s reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory provident fund, the remaining statutory provident fund shall not be less than twenty-five percent (25%) of the Company’s registered capital immediately prior to such capital increase through provident fund transfer.

After the general meeting of the Company makes a decision for distribution of profits in general meeting, or after the Board of Directors formulates a specific plan in accordance with the conditions and upper limit of the interim dividend for the next year that approved by the annual general meeting of shareholders, the Board of Directors must finish distributing the dividends (or shares) within two months.

Internal Audit

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

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The internal audit institution of the Company shall conduct supervision and inspection on the Company's business activities, risk management, internal control, financial information and other matters.

Appointment of Accounting Firm

The Company shall appoint an accounting firm in compliance with the relevant provisions of the Securities Law to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and dismissal of the Company's accounting firm shall be decided by the general meeting. The Board of Directors shall not appoint the accounting firm until it is decided by the general meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to an accounting firm shall be decided by the general meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give 30 days prior notice to the accounting firm. When a general meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions. Where the accounting firm resigns, it shall state to the general meeting whether the Company has improper circumstances.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the appointed disclosure media provided by the Articles of Association of the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

When the Company is divided, its assets shall be split accordingly. In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on division and shall

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make an announcement in the appointed disclosure media provided by the Articles of Association of the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the general meeting and make announcement thereof in the appointed disclosure media provided by the Articles of Association of the Company or the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders' shareholding, unless otherwise stipulated by the laws or the Articles of Association.

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws.

When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (i) The term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (ii) The general meeting resolves to dissolve the Company;
- (iii) Dissolution is necessary due to merger or division of the Company;
- (iv) The Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;
- (v) Where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstances of items (i) and (ii) of Article 193 of the Articles of Association and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the general meeting.

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Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) of Article 193 of the Articles of Association, it shall be liquidated. The Directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution.

The liquidation committee shall comprise the Directors, unless the Articles of Association provide otherwise or it is resolved at a general meeting to elect another person(s). If liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the company or its creditors, they shall bear compensation liability. The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in appointed disclosure media provided by the Articles of Association of the Company or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

In case the Company is declared to be insolvent according to the laws, liquidation shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

- (i) In the event that provisions of these Articles conflict with amended laws, administrative regulations, or securities regulations of the listing jurisdiction after the enactment of revisions to the *Company Law*, relevant legislation, administrative regulations, or securities rules governing the Company's place of listing;
- (ii) There is a change in the situation of the Company, which is inconsistent with the matters recorded in the Articles of Association;
- (iii) The general meeting decides to amend the Articles of Association.

The amendments to the Articles of Association adopted by the general meeting shall be submitted to the competent authorities for approval if they are subject to approval by the competent authorities. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the PRC under the Company Law as a limited liability company on June 25, 2004 and then converted into a joint stock limited liability company on June 23, 2015. Our registered office is at No. 19 Taishan Road, Wuhu Area, China (Anhui) Pilot Free Trade Zone, Anhui, the PRC. We have established a place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Our Company was registered with the Companies Registry in Hong Kong as a non-Hong Kong company under Part 16 of Companies Ordinance of Hong Kong on [•]. Ms. Li Yee Ching (李漪澄女士) has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong set out above.

As our Company was incorporated in the PRC, our operation, corporate structure and the Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of certain aspects of the relevant laws and regulations of the PRC and a summary of certain aspect of our Articles of Association are set out, in Appendix III and Appendix IV to this document, respectively.

2. Change in share capital of our Company

Save as disclosed below, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

On February 25, 2025, our Company repurchased and canceled 35,000 A Shares granted to a participant but not yet unlocked under the restricted stock incentive plan adopted by the Company on October 24, 2019, and the total share capital of our Company decreased from RMB606,545,820 to RMB606,510,820.

Between January 7, 2026 to April 30, 2026, our Company issued 2,319 A Shares as a result of the conversion of the 2025 Convertible Bonds, and the total share capital of our Company increased from RMB606,510,820 to RMB606,513,139.

On May 11, 2026, our Company issued 291,126,307 A Shares by way of the capitalization of capital reserve, and the total share capital of our Company increased from RMB606,513,139 to RMB897,639,446.

Between May 1, 2026 to the Latest Practicable Date, our Company issued 141 A Shares as a result of the conversion of the 2025 Convertible Bonds, and the total share capital of our Company increased from RMB897,639,446 to RMB897,639,587.

As of the Latest Practicable Date, the total share capital of our Company was RMB897,639,587 divided into 897,639,587 A Shares of nominal value of RMB1.00 each.

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3. The resolutions passed by our Shareholders’ general meeting in relation to the [REDACTED]

Pursuant to the Shareholders’ general meeting of our Company held on April 20, 2026, the following resolutions, among other resolutions, were duly passed:

- (a) the [REDACTED] by our Company of the H Shares with a nominal value of RMB1.00 each, representing up to [REDACTED]% of the total share capital of our Company upon completion of the [REDACTED] (before the exercise of the [REDACTED]) and such H Shares being [REDACTED] on the Stock Exchange;
- (b) the granting of the [REDACTED] in respect of no more than [REDACTED]% of the number of H Shares [REDACTED] as mentioned above;
- (c) subject to the completion of the [REDACTED], the Articles of Association have been approved and adopted which will become effective from the [REDACTED], and our Board and person(s) authorized by our Board have been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and
- (d) approving our Board and person(s) authorized by our Board to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] of and the [REDACTED] of H Shares on the Stock Exchange.

4. Changes in share capital of our subsidiaries

The following sets out the changes of the share capital of our subsidiaries within the two years immediately preceding the date of this document:

On February 11, 2025, the registered capital of Anhui Diyala Auto Parts Co., Ltd. (安徽迪亞拉汽車部件有限公司) increased from RMB110,000,000 to RMB114,540,000.

On March 12, 2025, the registered capital of Weihai Bethel Automotive Safety Systems Co., Ltd. (威海伯特利汽車安全系統有限公司) increased from RMB135,000,000 to RMB160,000,000.

Save as disclosed above in this appendix, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

5. Restrictions of share repurchase

For details of the restrictions on the share repurchase by our Company, see “Appendix III — Summary of Principal Legal and Regulatory Provisions” and “Appendix IV — Summary of the Articles of Association”.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) were entered into by us or any of our subsidiaries within the two years preceding the date of this document and are or may be material:

- (a) the [REDACTED], details of which are set out in “[REDACTED]”; and
- (b) the share transfer agreement dated February 25, 2026 and the supplemental agreement dated April 28, 2026, both entered into among, inter alia, our Company, Joyhigh Industrial Limited (峻鴻實業有限公司), Ningbo Fengyuan Equity Investment Partnership (L.P.)* (寧波奉元股權投資合夥企業(有限合夥)), Hefei Huaxin Cloud Automotive Electronics Investment Partnership Enterprise (L.P.)* (合肥華芯雲向汽車電子投資合夥企業(有限合夥)) and Hefei Industrial Investment High Growth No.1 Equity Investment Partnership Enterprise (L.P.)* (合肥產投高成長壹號股權投資合夥企業(有限合夥)), in relation to the acquisition of a total of 50.9727% equity interest in Yubei Steering by our Company, details of which are set out in “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of Yubei Steering”.

2. Intellectual property rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which are material to our Group’s business:

No.	Trademark	Registration Number	Registered Owner	Place of registration	Class	Expiry date
1		19057021	Our Company	PRC	12	March 7, 2017– March 6, 2027
2		18745198	Our Company	PRC	12	February 7, 2017– February 6, 2027
3		18745211	Our Company	PRC	12	February 7, 2017– February 6, 2027
4		18740331	Our Company	PRC	12	February 7, 2017– February 6, 2027
5		6823805	Our Company	PRC	7	July 21, 2020– July 20, 2030
6		6823806	Our Company	PRC	12	April 14, 2020– April 13, 2030

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No.	Trademark	Registration Number	Registered Owner	Place of registration	Class	Expiry date
7		6741553	Our Company	PRC	12	April 7, 2021– April 6, 2031
8		6741552	Our Company	PRC	7	April 7, 2020– April 6, 2030
9		71721271	Our Company	PRC	12	December 28, 2023– December 27, 2033
10		18453726	Zhejiang Wanda	PRC	12	October 7, 2017– October 6, 2027
11		3945293	Zhejiang Wanda	PRC	12	March 28, 2016– March 27, 2026
12		3945292	Zhejiang Wanda	PRC	12	March 28, 2016– March 27, 2026
13		3945296	Zhejiang Wanda	PRC	12	April 21, 2016– April 20, 2026
14		352491	Zhejiang Wanda	PRC	12	July 10, 2019– July 9, 2029
15		6192110	Our Company	USA	12	November 10, 2020– November 9, 2030
16		1508556	Our Company	Japan	12	October 11, 2019– October 11, 2029
17		1508556	Our Company	India	12	October 11, 2019– October 11, 2029
18		1508556	Our Company	Russian Federation	12	October 11, 2019– October 11, 2029
19		1508556	Our Company	Belarus	12	October 11, 2019– October 11, 2029

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No.	Trademark	Registration Number	Registered Owner	Place of registration	Class	Expiry date
20		918320143	Our Company	Brazil	12	May 19, 2020– May 19, 2030
21		1508556	Our Company	EU	12	October 11, 2019– October 11, 2029
22		1712269	Our Company	Belarus	12	January 18, 2023– January 18, 2033
23		1712269	Our Company	Japan	12	January 18, 2023– January 18, 2033
24		1712269	Our Company	Brazil	12	January 18, 2023– January 18, 2033
25		1712269	Our Company	Mexico	12	January 18, 2023– January 18, 2033
26		1712269	Our Company	EU	12	January 18, 2023– January 18, 2033
27		1712269	Our Company	Canada	12	January 18, 2023– January 18, 2033
28		7464468	Our Company	USA	12	August 6, 2024– August 5, 2034
29		1712269	Our Company	Korea	12	January 18, 2023– January 18, 2033

(b) Patents

As of the Latest Practicable Date, we have registered the following patents which are material to our Group’s business:

No.	Patent name	Patent Number	Registered owner	Place of registration	Type	Grant date	Expiry date
1	An electronic parking brakes system with AUTOHOLD function and braking method thereof (一種具有AUTOHOLD 功能的電子駐車制動系統及其制動方法).	201010265765X	Our Company	PRC	Invention	March 6, 2013	August 26, 2030

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No.	Patent name	Patent Number	Registered owner	Place of registration	Type	Grant date	Expiry date
2	An electronic parking brakes system for motor vehicles and auxiliary starting method thereof (一種應用於機動車的電子駐車制動系統及其輔助起步方法) . . .	2010102589525	Our Company	PRC	Invention	October 30, 2013	August 13, 2030
3	An electronic parking actuator for motor vehicle braking system (一種應用於機動車制動系統的電子駐車執行器) . . .	2010105511039	Our Company	PRC	Invention	December 26, 2012	November 19, 2030
4	An inter-vehicle network management system for motor vehicles (一種應用於機動車的車際網絡管理系統)	2011100002747	Our Company	PRC	Invention	July 16, 2014	January 4, 2031
5	A method for detecting and controlling vehicle state in an electro-mechanical brake system for motor vehicles (一種應用於機動車電子機械制動器系統中檢測與控制車輛狀態的方法).	2011100858767	Our Company	PRC	Invention	March 12, 2014	April 7, 2031
6	An electronic parking actuator for electronic parking brakes system of motor vehicles (一種用於機動車電子駐車制動系統的電子駐車促動器)	2012103674219	Our Company	PRC	Invention	July 15, 2015	September 26, 2032
7	An electronic parking brake system for vehicles and control method thereof (一種車輛用電子駐車制動系統及控制方法).	2012104338126	Our Company	PRC	Invention	August 3, 2016	November 2, 2032
8	A brake caliper assembly for electronic parking brakes system of vehicles (一種車輛用電子駐車制動系統的制動卡鉗總成).	2012104990798	Our Company	PRC	Invention	October 7, 2015	November 29, 2032
9	An electronic parking actuator for motor vehicle braking system (一種用於機動車制動系統的電子駐車促動器)	2013101361394	Our Company	PRC	Invention	February 8, 2017	April 18, 2033
10	A vehicle safety protection system (一種車輛安全保護系統).	2013104612252	Our Company	PRC	Invention	August 31, 2016	September 29, 2033
11	An electronic parking actuator for vehicle braking system (一種車輛制動系統電子駐車執行器).	2013107536208	Our Company	PRC	Invention	July 6, 2016	December 31, 2033
12	A caliper structure for reducing vehicle braking distance (一種降低車輛制動距離的卡鉗結構).	2014108504887	Our Company	PRC	Invention	August 25, 2017	December 31, 2034

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No.	Patent name	Patent Number	Registered owner	Place of registration	Type	Grant date	Expiry date
13	An ESC-based vehicle braking system and test method thereof (一種基於ESC的汽車制動系統及其試驗測試方法)	2014108506280	Our Company	PRC	Invention	January 18, 2017	December 31, 2034
14	Regenerative braking system for electric vehicle and regenerative braking method thereof (電動汽車回饋制動系統及其回饋制動方法).	2014108506539	Our Company	PRC	Invention	January 4, 2017	December 31, 2034
15	An anti-rollaway protection control method for engine start-stop system during flameout (一種發動機啟停系統的熄火防溜坡保護控制方法)	2015105477505	Our Company	PRC	Invention	September 26, 2017	August 28, 2035
16	An electronically controlled brake pedal feel simulation device and control method thereof (一種電控制動踏板感覺模擬裝置及其控制方法).	2015106413498	Our Company	PRC	Invention	April 9, 2021	September 30, 2035
17	Control method for brake energy recovery system (制動能量回收系統的控制方法) .	2016102207301	Our Company	PRC	Invention	September 28, 2018	April 11, 2036
18	Oil pressure assist braking system and control method thereof (油壓助力制動系統及其控制方法).	2016102302679	Our Company	PRC	Invention	July 6, 2018	April 14, 2036
19	A brake caliper assembly for electronic parking brakes system (應用於電子駐車制動系統的制動鉗總成).	2018113168244	Our Company	PRC	Invention	March 29, 2024	November 7, 2038
20	A power-on control method for brake-by-wire hydraulic braking system (一種應用於線控液壓制動系統的上電控制方法).	2019106670902	Our Company	PRC	Invention	September 21, 2021	July 23, 2039
21	A structure for reducing drag torque of automotive brake caliper and working method thereof (一種降低汽車制動卡鉗拖滯力矩的結構及工作方法)	2019107821577	Our Company	PRC	Invention	March 2, 2021	August 23, 2039
22	A collaborative ACC/AEB decision management system based on Internet of Vehicles and the vehicle thereof (一種基於車聯網的協同ACC/AEB決策管理系統及該車輛).	2020103205954	Our Company	PRC	Invention	February 8, 2022	April 22, 2040
23	Vehicle brake control method based on electronic parking system (基於電子駐車系統的車輛制動控制方法)	2020106305494	Our Company	PRC	Invention	December 30, 2022	July 3, 2040

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No.	Patent name	Patent Number	Registered owner	Place of registration	Type	Grant date	Expiry date
24	A redundant control circuit for solenoid valves of a vehicle braking system and control method thereof (一種車輛制動系統的電磁閥冗餘控制電路及其控制方法)	2020103886344	Our Company	PRC	Invention	February 20, 2024	May 9, 2040
25	A pressure control method applied to a redundant braking system (一種應用於冗餘制動系統的壓力控制方法)	202010527158X	Our Company	PRC	Invention	December 30, 2022	June 11, 2040
26	A vehicle braking method for coping with decoupling failure (一種應對解耦失效的車輛制動方法)	2021103675988	Our Company	PRC	Invention	December 22, 2023	April 6, 2041
27	Electro-hydraulic brake caliper and vehicle braking system (電液制動卡鉗及車輛制動系統)	2020104899712	Our Company	PRC	Invention	April 12, 2024	June 2, 2040
28	An emergency control method and system for steering failure of an autonomous driving vehicle (一種自動駕駛車輛轉向失效的應急操控方法和系統)	2020103891431	Our Company	PRC	Invention	June 14, 2024	May 9, 2040
29	Return device for brake caliper (制動卡鉗用回位裝置)	2019103085979	Our Company	PRC	Invention	June 25, 2024	April 17, 2039
30	Casting device for aluminum-iron composite brake disc and casting process thereof (鋁鐵複合制動盤的鑄造裝置及其鑄造工藝)	2019109055163	Our Company	PRC	Invention	August 9, 2024	September 24, 2039
31	Electrically controlled mechanical dry brake caliper (電控機械幹式制動鉗)	2022102164208	Our Company	PRC	Invention	December 23, 2025	March 7, 2042
32	A force sensor wiring structure and wiring method for EMB brake caliper (一種EMB制動卡鉗用力傳感器布線結構及布線方法)	2023107423006	Our Company	PRC	Invention	October 17, 2025	June 21, 2043
33	Lead screw transmission mechanism (絲杠傳動機構)	2020106261782	Our Company	PRC	Invention	September 19, 2025	July 1, 2040
34	Brake-by-wire actuating device for vehicles (用於車輛的線控制動執行裝置)	2020106261725	Our Company	PRC	Invention	September 5, 2025	July 1, 2040
35	Electronic brake actuator (電子制動執行器)	2020100375313	Our Company	PRC	Invention	August 22, 2025	January 14, 2040

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No.	Patent name	Patent Number	Registered owner	Place of registration	Type	Grant date	Expiry date
36	An electronically controlled brake pressure build-up module (一種電控制動建壓模塊)	2021101096942	Our Company	PRC	Invention	May 6, 2025	January 27, 2041
37	Floating composite brake disc (浮動式複合制動盤)	2020100375205	Our Company	PRC	Invention	January 10, 2025	January 14, 2040
38	A control method of an inertia measurement unit applied to motor vehicles (一種應用於機動車的慣量測量單元的控制方法)	2010105908151	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	March 27, 2013	December 16, 2030
39	A solenoid valve structure (一種電磁閥結構)	2011100445105	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	August 27, 2014	February 24, 2031
40	A functional test system for automotive electronic control unit and control method thereof (一種應用於汽車電子控制單元的功能測試系統及其控制方法)	2013107390738	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	June 15, 2016	December 29, 2033
41	An electronic brake-by-wire system (一種電子線控制動系統)	2017108457767	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	March 10, 2023	September 19, 2037
42	A decoupled brake-by-wire system and control method thereof (一種解耦的線控制動系統及其控制方法)	2017108457790	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	September 26, 2023	September 19, 2037
43	A brake-by-wire hydraulic braking system with EPB auxiliary redundancy (一種利用EPB輔助冗餘的線控液壓制動系統)	2018105891320	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	August 11, 2023	June 8, 2038
44	A control method for brake redundancy control of motor vehicles (用於機動車制動冗餘控制的控制方法)	2020110219754	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	April 11, 2023	September 25, 2040

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No.	Patent name	Patent Number	Registered owner	Place of registration	Type	Grant date	Expiry date
45	A detection and control method for vehicle brake failure and braking system (一種車輛制動失效的檢測和控制方法及制動系統)	202310761045X	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	August 12, 2025	June 25, 2043
46	An electronic control system with brake signal output function (具有制動信號輸出功能的電子控制系統)	2018109763872	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	Invention	July 8, 2025	August 25, 2038
47	An automobile steering knuckle structure and machining process thereof (一種汽車轉向節結構及其加工工藝)	2015102864667	Weihei Bethel Automotive Safety Systems Co., Ltd.	PRC	Invention	December 30, 2015	May 30, 2035
48	Automatic clearance adjustment device for automobile steering gear (汽車轉向器的間隙自動調整裝置)	2012100697825	Zhejiang Wanda	PRC	Invention	May 20, 2015	March 3, 2032
49	A fully automatic worm gear double-flank meshing measuring machine (一種全自動蝸輪雙嚙合測量機)	2012101011254	Zhejiang Wanda	PRC	Invention	May 4, 2016	April 1, 2032
50	A measuring tool for relative position angle of helical gear and measuring method thereof (斜齒輪相對位置角度的測量工具及其測量方法)	2013102337138	Zhejiang Wanda	PRC	Invention	March 30, 2016	June 14, 2033
51	An automobile steering column assembly and adjustment method thereof (一種汽車轉向柱管總成及其調節方法)	2014101072825	Zhejiang Wanda	PRC	Invention	March 25, 2015	March 12, 2034
52	A rack-and-pinion type magnetorheological fluid electronically controlled hydraulic power steering device and control method (一種齒輪齒條式磁流體電控液壓助力轉向裝置及控制方法)	2014105578747	Zhejiang Wanda	PRC	Invention	May 25, 2016	October 20, 2034
53	A recirculating ball type magnetorheological fluid electronically controlled hydraulic power steering device and control method (一種循環球式磁流體電控液壓助力轉向裝置及控制方法)	2014105569644	Zhejiang Wanda	PRC	Invention	May 25, 2016	October 20, 2034

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No.	Patent name	Patent Number	Registered owner	Place of registration	Type	Grant date	Expiry date
54	A steering column with a two-stage collapse structure and its method (一種實現二級潰縮結構的轉向管柱及其方法)	2019101886633	Zhejiang Wanda	PRC	Invention	March 1, 2024	March 13, 2039
55	A steering mechanism clearance adjustment device based on giant magnetostrictive material and its method (基於超磁致伸縮的轉向機構間隙調節裝置及其方法)	2020102547969	Zhejiang Wanda	PRC	Invention	September 12, 2023	April 2, 2040
56	A redundant fault-tolerant control system for dual-redundancy steer-by-wire (一種雙餘度線控轉向的冗余容錯控制系統)	2024116635198	Zhejiang Wanda	PRC	Invention	December 12, 2025	November 20, 2044
57	A vision-based EBA deceleration request method, system and automobile (基於視覺的EBA減速度請求方法、系統及汽車)	2023109814644	Wuhu Bethel Intelligent Driving Co., Ltd.	PRC	Invention	November 21, 2025	August 3, 2043
58	A lane merging identification method, system and automobile (一種車道並道識別方法、系統及汽車)	2022112131770	Wuhu Bethel Intelligent Driving Co., Ltd.	PRC	Invention	October 31, 2025	September 29, 2042
59	An intersection following method, system and vehicle based on vehicle trajectory (基於車輛軌迹的路口跟隨方法、系統及車輛)	2022112012678	Wuhu Bethel Intelligent Driving Co., Ltd.	PRC	Invention	October 31, 2025	September 29, 2042
60	A lane center trajectory construction method, system and automobile (一種車道中心軌迹構建方法、系統及汽車)	2022112545507	Wuhu Bethel Intelligent Driving Co., Ltd.	PRC	Invention	October 14, 2025	October 13, 2042
61	A method, system and automobile for identifying the lane where a target object is located (一種目標物所在車道的識別方法、系統及汽車)	2023103269273	Wuhu Bethel Intelligent Driving Co., Ltd.	PRC	Invention	October 3, 2025	March 29, 2043
62	A braking system with two independent control functions and control method thereof (具有兩個獨立控制功能的制動系統及其控制方法)	535497	Our Company	India	Invention	March 18, 2021	March 18, 2041
63	Electro-hydraulic hybrid braking system for vehicle (用於車輛的電液混合制動系統)	4163166	Our Company	European Patent Office, UK	Invention	February 5, 2021	February 5, 2041

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No.	Patent name	Patent Number	Registered owner	Place of registration	Type	Grant date	Expiry date
64	Electro-hydraulic hybrid braking system for vehicle (用於車輛的電液混合制動系統)	571313	Our Company	India	Invention	January 7, 2023	January 7, 2043
65	Electronic parking brake system and method for assisted starting of motor vehicles (電子停車制動系統,其用於電機輔助啟動的方法車輛)	2617618	Our Company	UK, Germany, France and Sweden	Invention	December 20, 2010	December 20, 2030
66	Electronic parking brake system and method for assisted starting of motor vehicles (電子停車制動系統,其用於電機輔助啟動的方法車輛)	101506552	Our Company	Korea	Invention	December 20, 2010	December 20, 2030
67	Electrically controlled mechanical brake caliper (電控制動機械卡鉗)	7784569	Our Company	Japan	Invention	December 11, 2025	March 7, 2043
68	Electro-hydraulic hybrid braking system for vehicles (用於車輛的電液混合制動系統)	7539495	Our Company	Japan	Invention	August 23, 2024	February 5, 2041
69	Electronic parking brake system for automobiles and auxiliary starting method thereof (汽車電子駐車制動系統及其輔助啟動方法)	5793191	Our Company	Japan	Invention	October 14, 2015	December 20, 2030
70	Electronic parking brake system for automobiles and auxiliary starting method thereof (汽車電子駐車制動系統及其輔助啟動方法)	13701812	Our Company	USA	Invention	February 3, 2015	May 2, 2031
71	EPB-based vehicle anti-theft control method (基於EPB的車輛防盜控制方法) .	CN117048551B	Our Company	PRC	Invention	January 9, 2026	May 6, 2042
72	Electronically controlled brake pressure build-up module (電控制動建壓模塊) . .	CN116266726B	Our Company	PRC	Invention	April 21, 2026	December 17, 2041

(c) Software copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which are material to our Group’s business:

No.	Software name	Registration Number	Registered Owner	Place of registration	Registration date	Expiry date
1	Electronic parking brakes system platform software (電子駐車制動系統平台軟件) .	2018SR1022909	Our Company	PRC	December 17, 2018	December 31, 2068
2	Wuhu Bethel parking brake control software (蕪湖伯特利駐車制動控制軟件)	2023SR0448134	Our Company	PRC	April 7, 2023	December 31, 2073

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No.	Software name	Registration Number	Registered Owner	Place of registration	Registration date	Expiry date
3	Vehicle after-sales fault diagnosis software (車輛售後故障診斷軟件)	2023SR0524985	Our Company	PRC	May 9, 2023	December 31, 2073
4	Vehicle after-sales fault diagnosis software (車輛售後故障診斷軟件)	2024SR0339939	Wuhu Bethel Intelligent Driving Co., Ltd.	PRC	March 1, 2024	December 31, 2074
5	Wuhu Bethel driver assistance report generation software (蕪湖伯特利輔助駕 駛報告生成軟件).	2024SR0339940	Wuhu Bethel Intelligent Driving Co., Ltd.	PRC	March 1, 2024	December 31, 2074
6	Hydraulic anti-lock brake control system platform software (液壓防抱死制動控制 系統平台軟件).	2018SR1022918	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	December 17, 2018	December 31, 2068
7	Hydraulic electronic stability control system platform software (液壓電子穩定 控制系統平台軟件).	2018SR1019958	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	December 14, 2018	December 31, 2068
8	Brake-by-wire system platform software (線控制動系統平台軟件)	2021SR2076969	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	December 17, 2021	December 31, 2071
9	Wanda intelligent parking assist system environment detection software (萬達智 能泊車輔助系統環境探測軟件)	2013SR002137	Zhejiang Wanda	PRC	January 8, 2013	December 31, 2063
10	Wanda intelligent parking assist system parking control software (萬達智能泊車 輔助系統泊車控制軟件).	2013SR002123	Zhejiang Wanda	PRC	January 8, 2013	December 31, 2063
11	Wanda EPS control software (萬達EPS控 制軟件).	2014SR134256	Zhejiang Wanda	PRC	September 5, 2014	December 31, 2064
12	Wanda brushless permanent magnet synchronous motor test bench control software (萬達無刷永磁同步電機測試台 控制軟件).	2014SR140094	Zhejiang Wanda	PRC	September 17, 2014	December 31, 2064
13	Reclining electric adjustable steering column control software (循環電動可調 轉向管柱控制軟件).	2016SR039956	Zhejiang Wanda	PRC	February 29, 2016	December 31, 2066
14	Brushless SBW steering wheel torque simulation control software (無刷SBW 方向盤力矩模擬控制軟件)	2019SR0902178	Zhejiang Wanda	PRC	August 30, 2019	December 31, 2069
15	Brushed SBW steer-by-wire steering control software (有刷 SBW線控制轉向 控制軟件).	2019SR0902682	Zhejiang Wanda	PRC	August 30, 2019	December 31, 2069

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No.	Software name	Registration Number	Registered Owner	Place of registration	Registration date	Expiry date
16	SBW on-board performance test system control software (SBW車載性能試驗系統控制軟件)	2019SR1242758	Zhejiang Wanda	PRC	November 30, 2019	December 31, 2069
17	Wanda electric power steering control software (萬達電動轉向控制軟件) . . .	2017SR105383	Zhejiang Wanda	PRC	April 7, 2017	December 31, 2069

(d) Domain names

As of the Latest Practicable Date, we have registered the following domain names which are material to our Group’s business:

No.	Domain name	Registered Owner	Place of registration	Expiry date
1	btl-auto.com	Our Company	PRC	July 4, 2028
2	wbtl-auto.cn	Our Company	PRC	July 4, 2028
3	wbtl-auto.com.cn	Our Company	PRC	July 4, 2028
4	wbtl.cn	Our Company	PRC	November 13, 2029
5	wbtl.net	Our Company	PRC	May 5, 2029
6	wbtl-auto.net	Our Company	PRC	February 8, 2027
7	btl-auto.com.cn	Our Company	PRC	February 8, 2027
8	btl-auto.com	Our Company	PRC	November 5, 2031
9	btl-auto.net	Our Company	PRC	February 8, 2027
10	wbtl.ltd	Our Company	PRC	December 18, 2030
11	btl-ec.com	Wuhu Bethel Electronic Control Systems Co., Ltd.	PRC	December 18, 2029
12	wanda-zj.com	Zhejiang Wanda	PRC	October 12, 2032

C. FURTHER INFORMATION ABOUT DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDER

1. Particulars of Directors’ Contracts

We have entered into a service contract with each of our Directors in respect of, among other things, (i) the term of office, and (ii) termination provisions.

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract with any member of our Company other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

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2. Remuneration of Directors

Save as disclosed in “Directors and Senior Management — Remuneration of Directors and Senior Management”, none of our Directors received other remuneration from our Company for each of the years ended December 31, 2023, 2024 and 2025.

3. Agency Fees or Commissions Received

Save in connection with the [REDACTED] and the fees of RMB975,200 paid to Jingtian & Gongcheng in connection with the issuance of the 2025 Convertible Bonds, none of our Directors, Promoters nor any of the persons whose names are listed in “— E. Other Information — 7. Qualification of experts” in this appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years prior to the date of this document.

4. Disclosure of Interests of Directors and chief executive

Immediately following the completion of the [REDACTED] (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds and assuming that there are no changes to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), save as disclosed in the following table, no Director or chief executive will have any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO):

- (a) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein;
- (b) which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [REDACTED]:

Name	Position	Nature of interest	Number and class of Shares held ⁽¹⁾	Approximate percentage of shareholding in the total issued Shares immediately prior to the [REDACTED] (%)	Approximate percentage of shareholding in the total issued Shares immediately after the [REDACTED] ⁽²⁾ (%)
Chairman Yuan ⁽³⁾	Chairman of the Board, Executive Director and General Manager	Beneficial owner	163,694,423 A Shares	18.24	[REDACTED]
			14,574,260 A Shares	1.62	[REDACTED]
		Interest of spouse	43,384,400 A Shares	4.83	[REDACTED]

Notes:

- (1) Excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds.
- (2) The calculation is based on the total number of [REDACTED] Shares (consisting of 897,639,587 A Shares and [REDACTED] H Shares) in issue immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

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- (3) As of the Latest Practicable Date, Bethel Investment Management held 43,384,400 A Shares. Shanghai Henglu, a company wholly owned by Ms. Pan, the spouse of Chairman Yuan, acted as the executive manager of Bethel Investment Management. Accordingly, Chairman Yuan was deemed to be interested in the 43,384,400 A Shares held by Bethel Investment Management.

As of the Latest Practicable Date, Chairman Yuan held the outstanding 2025 Convertible Bonds in the principal amount of RMB512,431,000 which were convertible to 14,574,260 A Shares upon full conversion, based on the conversion price as of the Latest Practicable Date.

On April 21, 2026, Bethel Investment Management pledged 4,600,000 A Shares to a PRC financial institution as security for its own financing needs, representing approximately 0.51% of our A Shares as of the Latest Practicable Date. See “Substantial Shareholders” for details.

5. Disclosure of Interests of Substantial Shareholders

Save as disclosed in “Substantial Shareholders”, “— Further Information about Directors, Chief Executive and Substantial Shareholders — Disclosure of Interests of Directors and chief executive” in this section and below, our Directors are not aware of any person who will, immediately following completion of the [REDACTED], have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other member of our Group.

Our Subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
Zhejiang Wanda Steering Gear Co., Ltd.* (浙江萬達汽車方向機有限公司).....	Wuhu Ruizhi Lianneng Technology Co., Ltd.* (蕪湖瑞智聯能科技有限公司)	20%
	Zhejiang Wanda Auto Parts Co., Ltd.* (浙江萬達汽車零部件有限公司)	16.49%
Wuhu Bethel Intelligent Driving Co., Ltd.* (蕪湖伯特利智能駕駛有限公司).....	Wuhu Borui Enterprise Management Partnership (Limited Partnership)* (蕪湖伯睿企業管理合夥企業(有限合夥))	26%
Zhejiang Shuangli Automobile Intelligent Technology Co., Ltd.* (浙江雙利汽車智能科技有限公司).....	Zhejiang Geely Automotive Parts Industry Co., Ltd.* (浙江吉利汽車零部件產業有限公司)	35%
Zhejiang Bojian Transmission Technology Co., Ltd.* (浙江伯健傳動科技有限公司).....	Zhejiang Jianzhuang Transmission Technology Co., Ltd.* (浙江健壯傳動科技有限公司)	40%
Wuhu Bethel Drive Technology Co., Ltd.* (蕪湖伯特利驅動科技有限公司).....	Langfang Jin Run Electric Co., Ltd.* (廊坊金潤電氣股份有限公司)	40%
Wuhu Bethel Automotive Suspension Technology Co., Ltd.* (蕪湖伯特利汽車懸架科技有限公司).....	Wuhu Bocheng Enterprise Management Partnership (Limited Partnership)* (蕪湖伯誠企業管理合夥企業(有限合夥))	30%

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Our Subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
Hangzhou Xinsheng Automotive Systems Co., Ltd.* (杭州信盛汽車系統有限公司)	Han Funing (韓福寧)	15%
	Kong Yimin (孔益民)	15%
	Sun Wangping (孫王平)	10%

6. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors nor any of the parties listed in the section headed “— E. Other Information — 7. Qualification of experts” of this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to our Company, or are proposed to be acquired or disposed of by or leased to our Company;
- (b) none of Director is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Company taken as a whole;
- (c) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or the Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Company;
- (d) save as disclosed in this appendix and “Director and Senior Management”, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. A SHARE EMPLOYEE STOCK OWNERSHIP SCHEMES

Our Company adopted the 2021 Employee Stock Ownership Scheme, the 2022 Employee Stock Ownership Scheme and the 2025 Employee Stock Ownership Scheme (collectively, the “**A Share Employee Stock Ownership Schemes**”) on July 12, 2021, December 30, 2022 and August 18, 2025, respectively, which were still in effect as of the Latest Practicable Date. The terms of the A Share Employee Stock Ownership Schemes are not subject to the provisions of Chapter 17 of the Listing Rules regarding share schemes involving issue of new shares. Save as otherwise disclosed, the terms of each of the A Share Employee Stock Ownership Schemes are substantially similar and are summarized below.

(a) Participants of the schemes

The participants of the A Share Employee Stock Ownership Schemes include directors, supervisors (if applicable), senior management, core and key personnel and employees of our Group as set out in the schemes.

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STATUTORY AND GENERAL INFORMATION

(b) Source of shares and participants’ interest in the schemes

Our Company had repurchased certain number of A Shares from the open market, and would transfer such A Shares to the relevant accounts under the employee stock ownership schemes at certain purchase price, as set out under each scheme. The purchase of A Shares to be held for each scheme shall be funded by the legal income of the employees, self-raised funds or other sources permitted by laws and regulations.

(c) Term of the schemes

Each A Share Employee Stock Ownership Scheme is valid for a period of six years, commencing from the publication date of an announcement by our Company regarding the transfer of last tranche of relevant A Shares from our Company’s stock repurchase account to the relevant employee stock ownership scheme (the “**Announcement Date**”).

(d) Administration of the schemes

Each scheme is administered by a committee (the “**Scheme Management Committee**”), the members of which are elected by the participants of that scheme. The Scheme Management Committees oversee the day-to-day management of the A Share Employee Stock Ownership Schemes, and exercise shareholders’ rights in respect of the A Shares held under each scheme on behalf of its participants.

(e) Vesting of the shares

Each participants’ entitlement to the corresponding portion of A Shares (together with any dividend) held by the A Share Employee Stock Ownership Schemes, shall be vested in three tranches in the proportion of 30%, 20% and 50%, upon expiry of a period of 12 months, 24 months and 36 months from the Announcement Date, respectively. The vesting of A Shares shall be subject to attainment of corporate performance targets and personal evaluation for each participant. The vested A Shares shall either be sold by the Scheme Management Committee, with the proceeds to be distributed to the participants proportionately, or transferred to the relevant participant.

(f) Total number of shares under the schemes

As of the Latest Practicable Date, the total number of A Shares under the A Share Employee Stock Ownership Schemes was 5,049,597, representing approximately [REDACTED]% of the issued Shares immediately upon completion of the [REDACTED] (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming the [REDACTED] is not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]).

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The table below sets forth the details of the A Shares under the A Share Employee Stock Ownership Schemes:

Employee Stock Ownership Scheme	Maximum number of grantees	A Shares held by the scheme as of the Latest Practicable Date	Approximate percentage of issued Shares as of the Latest Practicable Date	Approximate percentage of issued Shares after completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
2021 Employee Stock Ownership Scheme	81	1,175,370	0.13%	[REDACTED]%
2022 Employee Stock Ownership Scheme	100	1,210,227	0.13%	[REDACTED]%
2025 Employee Stock Ownership Scheme	258	2,664,000	0.30%	[REDACTED]%

None of the grantees under the A Share Employee Stock Ownership Schemes are connected persons of our Company as of the Latest Practicable Date.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty that is likely to be imposed on our Company.

2. Litigation

Save as disclosed in this document, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group as of the Latest Practicable Date.

3. Sole Sponsor

The Sole Sponsor satisfies the criteria of independence applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Stock Exchange for a [REDACTED] of, and permission to [REDACTED], the H Shares to be [REDACTED] as mentioned in this document. Our Company has agreed to pay the Sole Sponsor a fee of US\$400,000 (inclusive of any applicable tax) to act as a sponsor in connection with the [REDACTED].

4. Promoters

The promoters of our Company are Chairman Yuan, Chery Technology, Mr. Xiong Liwu (熊立武), Wuhu Ruiye Equity Investment Fund L.P.* (蕪湖瑞業股權投資基金(有限合夥)), Bethel Investment Management, Wuhu Shiji Jiangdong Venture Capital Center L.P.* (蕪湖世紀江東創業投資中心(有限合夥)), Hangzhou Chuangdongfang Fujin Venture Capital L.P.* (杭州創東方富錦投資合夥企業(有限合夥)) and Tangshan Fangzhou Industrial Co., Ltd.* (唐山方舟實業有限公司).

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Save for the [REDACTED] and as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

5. Compliance Advisor

Our Company has appointed Rainbow Capital (HK) Limited as the compliance advisor upon [REDACTED] in compliance with Rule 3A.19 of the Listing Rules.

6. Preliminary Expenses

We have not incurred any material preliminary expenses.

7. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document, are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Rongcheng (Hong Kong) CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Jingtian & Gongcheng	Legal advisors as to PRC laws and PRC cybersecurity and data compliance laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

8. Consents of Experts

Each of the experts as referred to in the paragraph headed “— E. Other Information — 7. Qualification of Experts” in this appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

9. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections (44A and 44B) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) so far as applicable.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

10. No material adverse change

Save as disclosed in this document, the Directors confirm that there has been no material adverse change in the financial or trading position of our Company since December 31, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

11. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Hong Kong Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;
- (b) there are no founder, management or deferred shares or any debentures in our Company;
- (c) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 12 months preceding the date of this document;
- (d) save for the 2025 Convertible Bonds, our Company has no outstanding convertible debt securities or debentures;
- (e) there is no arrangement under which future dividends are waived or agreed to be waived;
- (f) save for the A Shares and the 2025 Convertible Bonds that are listed on the Shanghai Stock Exchange, no part of the equity or debt securities of our Company, if any, is currently [REDACTED] on or [REDACTED] on any stock exchange or [REDACTED] system, and no such [REDACTED] or permission to [REDACTED] on any stock exchange other than the Stock Exchange is currently being or agreed to be sought.

13. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Statutory and General Information — Other Information — Qualifications of Experts” in Appendix V to this document; and
- (b) a copy of each of the material contracts referred to in “Statutory and General Information — Further Information about our Business — Summary of Material Contracts” in Appendix V to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.btl-auto.com during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report of our Group prepared by Rongcheng (Hong Kong) CPA Limited, the text of which is set forth in Appendix IA to this document;
- (c) the Accountants’ Report of the Target Group prepared by Rongcheng (Hong Kong) CPA Limited, the text of which is set forth in Appendix IB to this document
- (d) the audited consolidated financial statements of our Company for the years ended December 31, 2023, 2024 and 2025;
- (e) the audited consolidated financial statements of the Target Company for the years ended December 31, 2023, 2024 and 2025;
- (f) the report from Rongcheng (Hong Kong) CPA Limited on the [REDACTED] financial information of our Group and the enlarged Group, the text of which is set forth in Appendix II to this document;
- (g) the material contracts in “Statutory and General Information — Further Information about our Business — Summary of Material Contracts” in Appendix V to this document;
- (h) the written consents referred to in “Statutory and General Information — Other Information — Qualifications of Experts” in Appendix V to this document;
- (i) the service contracts referred to in “Statutory and General Information — Further Information about our Directors and Substantial Shareholders — Service Contracts” in Appendix V to this document;
- (j) the legal opinions issued by Jingtian & Gongcheng, our legal advisors to the PRC laws, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC laws;
- (k) the legal opinions issued by Jingtian & Gongcheng, our legal advisors as to the PRC cybersecurity and data compliance laws, in respect of certain data protection, data compliance and cybersecurity matters of our Group;

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (l) the industry report issued by Frost & Sullivan, the summary of which is set forth in “Industry Overview”;
- (m) a copy of the following PRC laws, together with their unofficial English translations: (1) the PRC Company law, (2) the Securities Law, and (3) the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies; and
- (n) the terms of the 2021 Employee Stock Ownership Scheme, 2022 Employee Stock Ownership Scheme and 2025 Employee Stock Ownership Scheme.

APPENDIX VII

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in “Glossary of Technical Terms.”

“2025 Convertible Bonds”	the convertible bonds issued by our Company and listed on the Shanghai Stock Exchange on July 28, 2025 under the bond code of 113696
“A Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
“Accountants’ Report(s)”	the accountants’ reports of our Group and the Target Group for the Track Record Period, the texts of which are set out in the Appendices IA and IB, respectively, and each an “Accountants’ Report”
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective on the [REDACTED], a summary of which is set out in Appendix IV to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Bethel”	our Group, without reflecting the results of operations and financial position of Yubei Steering, for the purpose of the years ended December 31, 2023, 2024 and 2025
“Bethel Investment Management”	Wuhu Bethel Investment Management Center (Limited Partnership)* (蕪湖伯特利投資管理中心(有限合夥)), a limited partnership established under the laws of the PRC on December 21, 2012 and a member of our Single Largest Group of Shareholders
“Board” or “Board of Directors”	the board of Directors of our Company

[REDACTED]

“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

APPENDIX VII

DEFINITIONS

[REDACTED]

“Chairman Yuan”	Mr. Yuan Yongbin, our chairman of the Board, executive Director, the general manager of our Company, and a member of our Single Largest Group of Shareholders
“Chery”	Chery Automobile Co., Ltd. (奇瑞汽車股份有限公司), a joint stock company with limited liability established under the laws of the PRC, originally incorporated on January 8, 1997 as a limited liability company and converted into a joint stock company with limited liability on March 24, 2008, whose H Shares are listed on the Stock Exchange (stock code: 9973)
“Chery Technology”	Wuhu Chery Technology Co., Ltd. *(蕪湖奇瑞科技有限公司), a limited liability company established under the laws of PRC on November 21, 2001, a wholly-owned subsidiary of Chery and holding 14.56% of our A Shares as at the Latest Practicable Date
“China,” “Chinese Mainland” or “PRC”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in the document to “China” or “the PRC” do not apply to the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan, China
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company” or “the Company”	Bethel Automotive Safety Systems Co., Ltd. (蕪湖伯特利汽車安全系統股份有限公司), a joint stock company with limited liability established under the laws of the PRC, originally incorporated on June 25, 2004 as a limited liability company and converted into a joint stock company with limited liability on June 23, 2015, whose A Shares are listed on the Shanghai Stock Exchange (stock code: 603596)

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“Company Law” or “PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

“F&S” or “Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a consulting firm that provides market research and analysis
“F&S Report”	a commissioned independent industry report prepared by F&S

[REDACTED]

“Group,” “our Group,” “the Group,” “we” or “us”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide”	the Guide for New Listing Applicants published by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be [REDACTED] and [REDACTED] in HK dollars and to be [REDACTED] on the Stock Exchange

[REDACTED]

APPENDIX VII

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong dollars,” “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

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DEFINITIONS

“Hong Kong Stock Exchange” or
“Stock Exchange”

The Stock Exchange of Hong Kong Limited

[REDACTED]

“Independent Third Party(ies)”

any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

“IFRS(s)”

International Financial Reporting Standard(s)

[REDACTED]

“Latest Practicable Date”

May 13, 2026, being the latest practicable date for ascertaining certain information in this document before its publication

[REDACTED]

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[REDACTED]

“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“NEEQ”	the National Equities Exchange and Quotations
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	generally accepted accounting principles of the PRC
“PRC Legal Advisors”	Jingtian & Gongcheng, being the legal advisors to our Company as to the PRC laws

[REDACTED]

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DEFINITIONS

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“STA”	the State Taxation Administration (國家稅務總局)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shanghai Henglu”	Shanghai HL Business Consulting Co., Ltd. * (上海恆麓商務諮詢有限公司), a company established under the laws of the PRC on January 25, 2007 and wholly owned by Ms. Pan Hejia (潘禾佳) (“ Ms. Pan ”, the spouse of Chairman Yuan), which is the executive partner of Bethel Investment Management and a member of the Single Largest Group of Shareholders
“Single Largest Group of Shareholders”	refers to Chairman Yuan, Bethel Investment Management, Shanghai Henglu and Ms. Pan, as further detailed in “Relationship with Our Single Largest Group of Shareholders”
“Sole Sponsor” and “[REDACTED]”	the sole sponsor and [REDACTED] as named in “Directors and Parties Involved in the [REDACTED]”
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period consisting of the years ended December 31, 2023, 2024 and 2025

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“Trial Measures”	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
[REDACTED]	
“United States,” “US” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. Investors”	(i) U.S. persons as defined in Rule 902(k)(1) of Regulation S under the U.S. Securities Act or (ii) United States person as defined in 31 CFR Part 850.229, the final rule that implements Executive Order 14105 and became effective in January 2025, which includes any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“VAT”	value-added tax
“Yubei Steering” or “Target Company”	Yubei Steering System (Xinxiang) Co., Ltd.* (豫北轉向系統(新鄉)股份有限公司), a limited liability company established under the laws of PRC on March 15, 2007, and an indirect non-wholly owned subsidiary of our Company upon completion of the acquisition as further detailed in “History, Development and Corporate Structure”, together with its subsidiaries, the “ Target Group ”
“%”	percent

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

* For identification purposes only

APPENDIX VIII

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

“ABS”	anti-lock braking system, a safety feature that prevents wheels from locking up during hard braking, allowing the driver to maintain steering control and reducing skidding
“ADAS”	advanced driver assistance systems, automotive safety technologies that use sensors, control units, and software to assist the driver in perceiving driving conditions
“air spring(s)”	a pneumatic suspension component that uses compressed air to support vehicle load and absorb road vibrations, providing adjustable ride height and improved passenger comfort
“air supply unit(s)”	an integrated system that generates, regulates, and delivers compressed air to pneumatic components, ensuring stable air pressure and reliable operation of pneumatic systems
“APA”	automated parking assist, a driver assistance system that automatically controls steering, acceleration, and braking to park the vehicle in parallel or perpendicular spaces with minimal driver intervention
“ASIL-D”	automotive safety integrity level D, the highest safety integrity level defined under ISO 26262, the international functional safety standard for automotive electrical and electronic systems
“autonomous driving”	technology that enables vehicles to operate autonomously under specific or all conditions, classified into six automation levels (L0-L5) according to SAE J3016 standard
“ball screws”	a mechanical transmission component that converts rotary motion into linear motion using recirculating ball bearings, characterized by high precision and efficiency
“BbW” or “brake-by-wire”	brake-by-wire, an electronically controlled braking system in which braking commands are transmitted primarily through electrical signals rather than mechanical or hydraulic connections. Technologically, brake-by-wire systems can be broadly categorized into EHB systems and EMB systems
“brake redundancy functionality”	a safety design feature in brake systems that provides backup braking capability through redundant components or control paths, ensuring braking performance is maintained even when part of the system fails

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GLOSSARY OF TECHNICAL TERMS

“caliper”	a key component of a mechanical disc braking system that applies braking force by pressing brake pads against a rotating brake disc to generate friction and decelerate or stop a vehicle
“CAN-FD”	controller area network flexible data-rate, an enhanced in-vehicle communication protocol that enables higher bandwidth data transmission and faster signal transmission rates, supporting efficient communication among numerous electronic control units in modern vehicles
“CCU”	central control unit, a centralized computing platform serving as the main processing hub in modern vehicle electronic architecture, coordinating data flow and control functions across multiple vehicle domains
“C-EPS”	column-type electric power steering, an electric power steering system where the assist motor and reduction gear are directly mounted on the steering column, featuring compact structure and lower cost
“design win”	the process of successfully incorporating a supplier’s products or components into a customer’s product design during the early stages of product development, marking the supplier’s qualification for supply on that project
“domain controller(s)”	a centralized computing unit in automotive electrical/electronic architecture that integrates and manages multiple electronic control functions across different vehicle domains, enabling coordinated control, higher integration and better system scalability
“dual-mode air supply unit”	an air supply system primarily operating in a closed-loop configuration to achieve higher energy efficiency, reduced air loss and improved noise control. It may incorporate dual-mode capability, allowing adaptive switching to an open-mode configuration when required, combining efficiency with operational flexibility
“D-EPB”	dual-pinion electric power steering, an electric steering configuration employing two pinions engaging with the steering rack, providing enhanced steering feel and higher assist capability
“DP-EPS”	dual-pinion EPS, an electric steering configuration that employs two pinion gears engaging the steering rack to deliver enhanced steering feel and higher assist capability

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“E/E architecture”	electrical/electronic architecture, the overall system framework defining the layout and interaction of electrical and electronic components, control units, networks, and software within a vehicle; modern automotive E/E architecture is evolving from distributed ECU architecture to centralized domain controller architecture
“ECU”	electronic control unit, a microcomputer-based dedicated device that controls specific electrical systems or subsystems in a vehicle, such as engine management, transmission control, or braking systems; modern vehicles may contain dozens of ECUs
“EDC”	electronic damping control, an adaptive suspension system that uses electronically controlled shock absorbers to continuously adjust damping force based on road conditions and driving style, improving ride comfort and handling performance
“EHB”	electro-hydraulic brake, a brake-by-wire system that decouples the brake pedal from the hydraulic brake circuit, using electronic sensors to detect driver braking intention and regulating hydraulic pressure through electronic control units controlling electric pumps and valves; retains hydraulic backup for safety while achieving faster response times and seamless integration with regenerative braking in electric vehicles
“electronic control suspension”	an advanced vehicle suspension system that uses electronic sensors, control units, and actuators to automatically adjust suspension characteristics, optimizing ride comfort and handling stability
“EMB”	electronic mechanical braking, a fully electric brake-by-wire system that uses electromechanical actuators to generate braking force at each wheel, completely eliminating the need for hydraulic fluid, vacuum boosters, or mechanical linkages, representing next-generation braking technology for electric vehicles and autonomous cars
“EPB”	electronic parking brakes, an electronically controlled parking brake system that replaces traditional handbrake levers or foot pedals with electronic switches, using motor-driven actuators to apply and release rear wheel brakes for vehicle parking; typically includes auto-hold function
“ERP”	enterprise resource planning, an integrated software management platform for managing core business processes including procurement, production, inventory, sales, and finance, enabling real-time data visibility and operational efficiency improvement

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“EPS”	electric power steering, a key technology for highly automated driving that controls and assists with the support of an intelligent electric motor the vehicle steering
“ESC”	electronic stability control, a safety system that detects and reduces loss of traction (skidding) by automatically applying brakes to individual wheels and/or reducing engine power, helping drivers maintain vehicle control during emergency maneuvers or on slippery surfaces; also known as ESP (Electronic Stability Program) or VDC (Vehicle Dynamics Control)
“FCA”	a trade term from Incoterms 2020 (International Commercial Terms), referring to the seller delivering goods to a carrier or location designated by the buyer, at which point risk and responsibility transfer from seller to buyer; commonly used in cross-border automotive supply chain transactions
“full-domain active control”	an integrated control method in vehicle systems that actively coordinates multiple functional domains including braking, suspension, steering, and powertrain through centralized control algorithms, optimizing the vehicle’s overall dynamics, stability, and safety under various operating conditions
“full-dry EMB”	an electronic-mechanical braking technology in which braking force is generated entirely through electric actuation and mechanical transmission, without the use of hydraulic or pneumatic media
“ISO”	International Organization for Standardization, an independent non-governmental organization that develops and publishes international standards; in the automotive industry, standards such as ISO 26262 (Functional Safety) and ISO 21434 (Cybersecurity) are particularly important
“LDW”	lane departure warning, an ADAS function that uses cameras to monitor lane markings and alerts drivers through visual, auditory, or tactile warnings when the vehicle unintentionally drifts out of its lane without activating turn signals
“lightweight”	the reduction of component mass through materials and design optimization without compromising functional or safety requirement
“LKA”	lane keeping assist
“low-drag”	a design characteristic of components or systems aimed at minimizing resistance such as aerodynamic drag or mechanical friction, thereby improving energy efficiency and performance

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GLOSSARY OF TECHNICAL TERMS

“mass production”	a large-scale production phase that adopts automated intelligent manufacturing and engineering facilities to ensure product consistency, reduce labor costs, enhance utilization, and achieve cost-efficiency
“mechanical disc brakes”	also known as disc brakes, it operates by clamping a brake disc to generate friction for deceleration
“motor clamping-force control algorithms”	a control algorithm for motor-driven systems that precisely regulates and adjusts clamping force by controlling motor output
“NVH”	noise, vibration and harshness, key indicators for measuring and optimizing vehicle ride comfort, involving analysis and reduction of unwanted noise and vibration felt by drivers and passengers inside the vehicle; good NVH performance is an important characteristic of premium automobiles
“OEMs”	original equipment manufacturer, automotive original equipment manufacturers, referring to companies that design, develop, and manufacture automobiles and market their vehicles directly to customers
“One-box BbW system”	a brake-by-wire system in which core braking functions are highly integrated into a single, consolidated control unit (“ One-box ”), enabling reduced packaging complexity, improved system efficiency and enhanced reliability compared with multi-module architectures
“PCBAs”	printed circuit board assemblies, an assembly consisting of a printed circuit board and electronic components mounted and soldered onto it, providing electrical interconnection and mechanical support for electronic circuits in automotive, industrial, and electronic systems
“P-gear locking mechanism”	a mechanical locking mechanism used to secure a vehicle in the park (P) position

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GLOSSARY OF TECHNICAL TERMS

“rear-wheel steering”	a vehicle control technology where rear wheels are actively steered by an electronic system to enhance maneuverability, stability, and handling performance at different driving speeds and conditions; improves flexibility at low speeds and enhances stability at high speeds
“REM”	road experience management, a cloud-based mapping technology that collects and processes real-time road condition data from connected vehicles to create high-definition maps for autonomous driving applications
“R-EPS”	rack-type electric power steering, an advanced electric steering architecture where the assist motor acts directly on the steering rack through a belt or ball screw mechanism, providing higher assist capability
“rolling screws”	rolling screws primarily comprise ball screws, planetary roller screws and miniature screws that use recirculating rollers or balls to convert rotary motion into linear motion
“SBW” or “steering-by-wire”	steering-by-wire, an electronically controlled steering system that replaces mechanical steering linkages with electrical signal transmission and actuators
“SMT”	surface mount technology, a method of mounting electronic components directly onto the surface of printed circuit boards, the standard process in modern electronics manufacturing
“solenoid valves”	an electromechanically controlled valve that uses an electromagnetic coil to open, close, or regulate the flow of fluids or gases, widely used in automotive braking and suspension systems
“WCBS”	wire-controlled brake system, a brake-by-wire technology that relies on electronic signals rather than mechanical or hydraulic connections to transmit braking commands from the pedal to brake actuators, achieving faster response times and enhanced integration with advanced driver assistance systems
“wiring harness”	an organized assembly of electrical wires, connectors, and protective components used to transmit power and signals between electrical and electronic systems
“XYZ-axes control”	a vehicle motion management strategy that coordinates longitudinal (X), lateral (Y), and vertical (Z) forces to maintain precise handling, stability, and ride comfort across all driving conditions