You should read the following discussion and analysis in conjunction with consolidated financial statements, including the notes thereto included in the Accountants' Report in Appendix I to this document and the selected historical financial information presented elsewhere to this document. Our consolidated financial statements were prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make considering our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in the sections headed "Risk Factors", "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are primarily engaged in the R&D, manufacturing, and sales of vehicle smart imaging devices for automotive and travel scenarios, with dash cameras, which constitute our core type of vehicle smart imaging devices and are offered in a wide range of models under our DDPAI brand across different product series, being our major product category and the primary contributor to our revenue during the Track Record Period. In addition to dash cameras, our product portfolio also includes complementary in-vehicle products, such as 4G cloud boxes, smart car screens and vehicle-mounted peripherals which extend or enhance the usage of our core products. Besides, we offer customized dash cameras, rearview mirrors and smart car screens, and their printed circuit board assemblies ("**PCBAs**") primarily to automobile manufacturers, and such products are offered under third-party brands ("**Third-Party Brand Products**"). We integrate our products with our DDPAI App, enabling users to access, view, download, and share real-time and recorded video footage on their smartphones. Our dash cameras enhance driving safety, record driving footage and travel moments, and support smart connectivity features that extend beyond traditional recording to form part of a broader "mobile third space" ecosystem.

We adopt a multi-channel sales model comprising (i) direct online sales through our self-operated stores on major e-commerce platforms and our direct-to-consumer ("**DTC**") channels, (ii) online and offline distributors, and (iii) others, which mainly involve B2B sales of Third-Party Brand Products to automobile manufacturers.

We recorded revenue of RMB394.5 million, RMB352.4 million, and RMB475.6 million, respectively, for the years ended December 31, 2023, 2024, and 2025. Our net profit for the same periods amounted to RMB18.6 million, RMB23.0 million, and RMB36.6 million, respectively.

BASIS OF PRESENTATION

Please refer to Note 2 to the Accountants' Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including those set out below.

Market demand and consumer preference

We generate revenue from the sale of dash cameras and others which comprise complementary in-vehicle products that extend or enhance the usage of our core products and Third-Party Brand Products. During the Track Record Period, strong market demand for vehicle smart imaging devices significantly drove our results of operations and financial performance.

Our revenue was RMB394.5 million and RMB352.4 million for the years ended December 31, 2023 and 2024, respectively, and increased to RMB475.6 million for the year ended December 31, 2025, representing a CAGR of approximately 9.8%, from 2023 to 2025. According to Frost & Sullivan, the market size of the global vehicle smart imaging devices industry, in terms of revenue, increased from RMB27.9 billion in 2023 to RMB28.0 billion in 2024 and further to RMB31.6 billion in 2025, representing a CAGR of 6.4%. The market is expected to grow substantially at a CAGR of 15.2% from 2025 to 2030.

Our results of operations are closely tied to market growth dynamics, which are influenced by consumers' needs for driving safety and travel social recording, as well as broader macroeconomic conditions such as the level of travel activities and consumers' overall disposable income. Consumer preferences are rapidly shifting toward premium products integrated with AI-driven features. Any changes in market demand or shifts in consumer preferences may affect our revenue growth and profitability.

Our product portfolio and pricing strategy

Our profitability depends significantly on our product portfolio and the corresponding pricing strategy. During the Track Record Period, we adhered to a premium product strategy, focusing on vehicle smart imaging devices integrated with our self-developed πChips, πOS, πLens and AI algorithms. Premium models featuring edge-side AI large models and πLink multi-device networking capabilities have allowed us to maintain resilient pricing strategies and successfully convert our technological innovation into product premiums. Our pricing strategy was further supported by the optimization of our product mix and pricing structure, primarily attributable to overseas customers' preference for our mid-to-high-end Z series models and the broad range of N series models designed to align with regional market needs, together with the higher prevailing prices in overseas markets, which resulted in higher sales volumes of high-margin products in overseas markets that command a higher average selling price ("**ASP**").

As dash cameras are our core product category, the impact of our pricing strategy is most directly reflected in the steady growth of our overall ASP of dash cameras, which increased from RMB252.2 per unit for the year ended December 31, 2023 to RMB261.4 per unit for the year ended December 31, 2024, and further to RMB303.9 per unit for the year ended December 31, 2025. Such continuous improvement in ASP effectively offset the downward pressure on prices for existing models and supported the steady increase in our overall gross profit margin of dash cameras from 38.2% for the year ended December 31, 2023 to 40.0% for the year ended December 31, 2024 and remained stable at 39.5% for the year ended December 31, 2025. We will continue to invest in R&D to develop new vehicle smart imaging devices to meet evolving consumer preferences and market demands and to further strengthen our competitive position in pricing. Any delay in new product development or failure to align with changing consumer requirements could limit our ability to sustain revenue growth and margin improvement.

Our ability to expand our business overseas and improve our market penetration

Overseas markets have become an increasingly important contributor to our revenue growth. During the Track Record Period, our revenue from overseas markets increased from RMB86.1 million for the year ended December 31, 2023 to RMB132.4 million for the year ended December 31, 2024, and further to RMB263.3 million for the year ended December 31, 2025, representing a CAGR of 74.9% from 2023 to 2025. The contribution of overseas revenue to our total revenue increased from 21.8% for the year ended December 31, 2023 to 37.5% for the year ended December 31, 2024 and further increased to 55.4% for the year ended December 31, 2025. This strong performance was driven by our strong brand marketing and product development capabilities and our ability to deliver competitive, differentiated products, including our mid-to-high-end Z series models and the broad range of N series models designed to align with regional market needs, which are preferred by overseas customers.

Further, overseas markets have delivered higher gross profit margins than domestic markets during the Track Record Period. Our gross profit margin for overseas markets was 42.1%, 43.4% and 43.4% for the years ended December 31, 2023, 2024 and 2025, respectively, while our gross profit margin for the domestic markets was 34.7%, 34.7% and 31.7% for the same periods. The higher sales volumes of high-margin products in overseas markets have been one of the key drivers of the overall increase in our gross profit margin.

Therefore, our results of operations depend on our ability to continue expanding our business overseas and improving market penetration. Any failure to maintain or enhance the performance of our overseas sales channels, whether due to unsuccessful sales and marketing efforts, unsatisfactory customer support and after-sales services, or any other reason, could result in reduced sales volumes, revenue and gross profit margin.

Fluctuations in raw materials and consumables costs and supply chain stability

Fluctuations in raw material and consumables costs and supply chain stability have a material impact on our cost of sales, as raw materials and consumables accounted for 87.8%, 87.9% and 89.4% of our cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively.

Among our raw materials and consumables, memory chips represent one of our major cost components and account for a significant portion of our procurement needs. Fluctuations in global memory chip supply and their prices placed pressure on our procurement prepayments. Our prepayments for materials and services increased from RMB1.9 million as of December 31, 2024 to RMB11.7 million as of December 31, 2025, partly due to the shortage of chips and increase in chip prices, in response to which we make advance payments to our suppliers to lock in supply for our three to six months of chip inventory needs amid chip shortages and price volatility.

We have implemented several measures to mitigate these risks, including maintaining long-term relationships with multiple qualified suppliers, engaging new qualified suppliers and adopting flexible procurement strategies such as advanced bulk purchasing to secure stable supply and favorable pricing. Our ability to continue mitigating price risks and supply shortages of key components through these measures is directly linked to the sustainability of our profit growth. If raw materials and consumables prices continue to rise and we are not able to pass on the cost increases through higher selling prices without impacting sales volumes, our gross profit margin and results of operation will be adversely affected.

Our capabilities in R&D and in technological innovation

Continuous R&D investment and technical platform capabilities are the cornerstones of our core competitiveness. For the years ended December 31, 2023, 2024 and 2025, our R&D expenses were RMB31.6 million, RMB26.9 million and RMB32.1 million, respectively. R&D expenses accounted for 8.0%, 7.6% and 6.8% of our total revenue for the same periods, respectively. Leveraging our secondary development capabilities in chip-level and underlying algorithms, we have constructed rapidly reusable technical platforms (including πOS software platform, πChips hardware platform, and πLens imaging platform) that significantly shorten the time-to-market for new products. This sustained investment in innovation allows us to stay ahead of industry trends and capture technical premiums while maintaining resilient pricing strategies in a competitive market. Any negative changes in our R&D progress or technical output would adversely affect our market standing and results of operations.

MATERIAL ACCOUNTING POLICY INFORMATION AND ACCOUNTING JUDGMENTS AND ESTIMATES

For material accounting policies, as well as accounting judgments and estimates, please refer to Note 3.2 and Note 4 to the Accountants' Report in Appendix I to this document.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of comprehensive income for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	394,463	352,393	475,604
Cost of sales	(251,040)	(218,628)	(294,025)
Gross profit	**143,423**	**133,765**	**181,579**
Other income	4,895	3,978	4,825
Other losses, net	(5,958)	(4,137)	(905)
Net impairment losses (recognized)/ reversed on financial assets	(491)	174	146
Research and development expenses	(31,582)	(26,907)	(32,125)
General and administrative expenses	(31,696)	(27,790)	(35,015)
Selling expenses	(55,997)	(53,030)	(77,410)
Finance costs	(4,362)	(3,306)	(1,868)
Profit before income tax	**18,232**	**22,747**	**39,227**
Income tax credit/(expense)	397	252	(2,616)
Profit for the year	**18,629**	**22,999**	**36,611**

DESCRIPTION OF MAJOR COMPONENTS IN OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Revenue by product category

During the Track Record Period, we generated revenue primarily from the provision of dash cameras, our core type of vehicle smart imaging devices and major product category, with the remainder contributed by complementary in-vehicle products that extend or enhance the usage of our core products, such as 4G cloud boxes, smart car screens, and vehicle-mounted peripherals, as well as Third-Party Brand Products.

The following table sets forth our revenue breakdown by product category in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Dash cameras	273,300	69.3	260,085	73.8	376,547	79.2
Others	121,163	30.7	92,308	26.2	99,057	20.8
Total	**394,463**	**100.0**	**352,393**	**100.0**	**475,604**	**100.0**

Our ASP is calculated by dividing the revenue by the total sales volume by unit of each product category. Each product category comprises various products, which vary significantly in terms of selling price per unit.

The following table sets forth a breakdown of the sales volume and ASP of our products by product category for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
	Revenue	Sales volume	ASP	Revenue	Sales volume	ASP	Revenue	Sales volume	ASP
	RMB'000	*Unit'000*	*RMB/unit*	*RMB'000*	*Unit'000*	*RMB/unit*	*RMB'000*	*Unit'000*	*RMB/unit*
Dash cameras	273,300	1,084	252.2	260,085	995	261.4	376,547	1,239	303.9
Others	121,163	1,566	77.4	92,308	1,338	69.0	99,057	1,760	56.3
Total/Overall	**394,463**	**2,650**	**148.9**	**352,393**	**2,333**	**151.0**	**475,604**	**2,999**	**158.6**

The sales volume of our products decreased from 2.7 million units for the year ended December 31, 2023 to 2.3 million units for the year ended December 31, 2024, primarily due to our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets. For the year ended December 31, 2025, our sales volume increased to 3.0 million units, supported by our strong growth in overseas markets and the enhanced performance of our domestic sales channels.

The ASP of our products experienced steady growth during the Track Record Period, increasing from RMB148.9 per unit for the year ended December 31, 2023 to RMB151.0 per unit for the year ended December 31, 2024, and further to RMB158.6 per unit for the year ended December 31, 2025. This growth was primarily attributable to (i) higher sales volumes of high-margin products in overseas markets, which generally commanded higher ASPs; (ii) our continued product upgrades, including the launch of higher-specification models with advanced AI features, together with our premium pricing strategy and the optimization of our product mix toward a higher proportion of premium dash camera models; (iii) higher unit costs of certain raw materials and consumables, including memory chips, with a portion of the increase reflected in our product pricing.

Revenue by customer location

Our products are sold to customers located in various countries and regions worldwide. The following table sets forth the breakdown of our revenue by geographical location of our customers at which the goods delivered for the periods indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese mainland	308,396	78.2	220,024	62.5	212,287	44.6
Asia (excluding Chinese mainland)	59,741	15.1	94,142	26.7	205,733	43.3
Europe	17,562	4.5	24,043	6.8	24,783	5.2
America	6,787	1.7	7,830	2.2	18,894	4.0
Others	1,977	0.5	6,354	1.8	13,907	2.9
Total	**394,463**	**100.0**	**352,393**	**100.0**	**475,604**	**100.0**

Our revenue from the Chinese mainland decreased from RMB308.4 million for the year ended December 31, 2023 to RMB220.0 million for the year ended December 31, 2024, and further to RMB212.3 million for the year ended December 31, 2025. As a result, its contribution to total revenue declined from 78.2% for the year ended December 31, 2023 to 62.5% for the year ended December 31, 2024 and further to 44.6% for the year ended December 31, 2025. This decline was primarily due to (i) our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets; (ii) intensified domestic markets competition and (iii) our strategic shift in focus toward overseas markets.

In contrast, revenue from Asia (excluding Chinese mainland) increased significantly from RMB59.7 million for the year ended December 31, 2023 to RMB94.1 million for the year ended December 31, 2024, and further to RMB205.7 million for the year ended December 31, 2025. Its contribution to total revenue increased substantially from 15.1% for the year ended December 31, 2023 to 26.7% for the year ended December 31, 2024 and further to 43.3% for the year ended December 31, 2025, making it our largest overseas market. Revenue from Europe and America also recorded steady growth during the Track Record Period.

Overall, overseas revenue (excluding Chinese mainland) increased from RMB86.1 million for the year ended December 31, 2023 to RMB132.4 million for the year ended December 31, 2024, and further to RMB263.3 million for the year ended December 31, 2025, representing a CAGR of 74.9%, and its contribution to total revenue rose from 21.8% to 55.4%. This was primarily due to our strategic focus on overseas markets, our strong brand marketing and product development capabilities, and our ability to deliver competitive, differentiated products, such as mid-to-high-end Z series models and the broad range of N series models designed to align with the regional market needs.

Revenue by sales channel

We have established a global multi-channel sales and distribution network, including (i) direct online sales, through our self-operated stores on e-commerce platforms and our DTC channel; (ii) online and offline distributors and (iii) others, which mainly involve B2B sales of Third-Party Brand Products to automobile manufacturers.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese mainland						
Direct online sales	94,594	24.0	71,922	20.4	89,715	18.9
Distributors						
– Online distributors	82,402	20.9	64,739	18.4	52,467	11.0
– Offline distributors	43,743	11.1	21,699	6.2	19,619	4.1
Others	87,657	22.2	61,664	17.5	50,486	10.6
Sub-total	**308,396**	**78.2**	**220,024**	**62.5**	**212,287**	**44.6**
Overseas						
Direct online sales	11,991	3.0	23,065	6.5	67,598	14.2
Distributors						
– Online distributors	–	–	2,878	0.8	1,579	0.3
– Offline distributors	73,680	18.7	106,196	30.2	192,365	40.5
Others	396	0.1	230	0.0	1,775	0.4
Sub-total	**86,067**	**21.8**	**132,369**	**37.5**	**263,317**	**55.4**
Total	**394,463**	**100.0**	**352,393**	**100.0**	**475,604**	**100.0**

During the Track Record Period, revenue from Chinese mainland direct online sales decreased from RMB94.6 million for the year ended December 31, 2023 to RMB71.9 million for the year ended December 31, 2024, primarily due to intensified domestic competition and the introduction of fewer new products to certain of our online sales platforms during the period. Revenue from Chinese mainland direct online sales then increased to RMB89.7 million for the year ended December 31, 2025, as we strengthened our focus on this channel and increased both the supply of new products and the operational resources dedicated to our online sales platforms.

Revenue from online distributors in the Chinese mainland decreased from RMB82.4 million for the year ended December 31, 2023 to RMB64.7 million for the year ended December 31, 2024 and further to RMB52.5 million for the year ended December 31, 2025, mainly because the online distributor channel faced increasing competitive pressure from platform-operated self-run stores on major e-commerce platforms, resulting in a gradual decline in sales generated through online distributors. Revenue from offline distributors in the Chinese mainland decreased from RMB43.7 million for the year ended December 31, 2023 to RMB21.7 million for the year ended December 31, 2024 and further to RMB19.6 million for the year ended December 31, 2025, mainly because our offline distributors primarily comprised car repair shops, a channel where demand continued to decline as consumers increasingly shifted their purchases from offline shops to online channels, which is an industry-wide trend, according to Frost & Sullivan.

Revenue from Chinese mainland other channel decreased from RMB87.7 million to RMB61.7 million and further to RMB50.5 million over the same periods primarily due to our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets.

During the Track Record Period, revenue from overseas direct online sales increased from RMB12.0 million for the year ended December 31, 2023 to RMB23.1 million for the year ended December 31, 2024 and further to RMB67.6 million for the year ended December 31, 2025, primarily driven by the expansion of our DTC channel on major overseas e-commerce platforms, increased investment in overseas brand marketing, and the growing recognition of our products among consumers in overseas markets.

Revenue from overseas online distributors grew from nil for the year ended December 31, 2023 to RMB2.9 million for the year ended December 31, 2024, primarily attributable to the expansion of our overseas online distributor network. Revenue from overseas online distributors decreased to RMB1.6 million for the year ended December 31, 2025, mainly attributable to intensified competition among overseas online distributors and a shift in certain sales from distributor channels to our self-operated online platforms, resulting in a gradual decline in sales generated through our online distributor channel. Revenue from overseas offline distributors grew significantly from RMB73.7 million for the year ended December 31, 2023 to RMB106.2 million for the year ended December 31, 2024 and further to RMB192.4 million for the year ended December 31, 2025, mainly attributable to the continued expansion and deepening of our overseas offline distributor network, and higher sales volumes of our mid-to-high-end Z series models and the broad range of N series models designed to align with regional market needs, which benefited from our localization strategies, customized offerings for different regional markets and the growing recognition of our brand and products in overseas markets.

Revenue from overseas other channel decreased slightly from RMB0.4 million for the year ended December 31, 2023 to RMB0.2 million for the year ended December 31, 2024, and then slightly increased to RMB1.8 million for the year ended December 31, 2025, primarily due to the orders from new overseas automobile manufacturer customers for Third-Party Brand Products.

Cost of sales

During the Track Record Period, our cost of sales primarily consisted of (i) raw materials and consumables; (ii) employee benefit expenses; (iii) depreciation and amortization, including depreciation of property, plant and equipment and depreciation of right-of-use assets; (iv) net impairment losses recognized on inventories and (v) others.

The following table sets forth a breakdown of our cost of sales and their corresponding percentages of total cost of sales for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw materials and consumables	220,538	87.8	192,226	87.9	262,829	89.4
Employee benefit expenses	16,715	6.7	16,064	7.3	19,003	6.5
Depreciation and amortization	5,850	2.3	4,379	2.0	3,224	1.1
Net impairment losses recognized on inventories	5,883	2.3	4,311	2.0	7,918	2.7
Others	2,054	0.9	1,648	0.8	1,051	0.3
Total	**251,040**	**100.0**	**218,628**	**100.0**	**294,025**	**100.0**

Gross profit and gross profit margin

For the years ended December 31, 2023, 2024 and 2025, our gross profit was RMB143.4 million, RMB133.8 million and RMB181.6 million, respectively, and our gross profit margin was 36.4%, 38.0 % and 38.2%, respectively.

The following table sets forth our gross profit by product category and their corresponding gross profit margin for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Dash cameras	104,309	38.2	104,155	40.0	148,697	39.5
Others	39,114	32.3	29,610	32.1	32,882	33.2
Total	**143,423**	**36.4**	**133,765**	**38.0**	**181,579**	**38.2**

The following table sets forth our gross profit by sales channel and their corresponding gross profit margin for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese mainland						
Direct online sales	38,343	40.5	27,238	37.9	32,874	36.6
Distributors						
– Online distributors	28,619	34.7	23,712	36.6	16,231	30.9
– Offline distributors	13,898	31.8	7,538	34.7	4,736	24.1
Others	26,305	30.0	17,777	28.8	13,399	26.5
Subtotal	**107,165**	**34.7**	**76,265**	**34.7**	**67,240**	**31.7**
Overseas						
Direct online sales	6,741	56.2	13,124	56.9	38,960	57.6
Distributors						
– Online distributors	–	–	1,700	59.1	740	46.9
– Offline distributors	29,360	39.8	42,576	40.1	73,881	38.4
Others	157	39.6	100	43.6	758	42.8
Subtotal	**36,258**	**42.1**	**57,500**	**43.4**	**114,339**	**43.4**
Total	**143,423**	**36.4**	**133,765**	**38.0**	**181,579**	**38.2**

Other income

During the Track Record Period, our other income primarily consisted of (i) government grants; (ii) value-added tax ("**VAT**") refund mainly from intra-group software copyright licensing transactions; (iii) interest income from our bank deposits and financial assets at fair value through other comprehensive income; (iv) sales of raw materials and accessories mainly arising from the disposal of the aged inventories; (v) advertising income from advertisements embedded in our DDPAI App and (vi) maintenance income from providing product maintenance services after the expiry of the free maintenance period.

The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	2,032	755	788
VAT refund	1,786	2,629	1,457
Interest income	216	262	322
Sales of raw materials and accessories	(184)	161	2,182
Advertising income	1,020	164	71
Maintenance income	25	7	5
Total	**4,895**	**3,978**	**4,825**

Other losses, net

During the Track Record Period, our other losses, net, primarily consisted of (i) investment loss on disposals of financial assets at FVTOCI; (ii) net foreign exchange gains or losses; (iii) net losses on disposals of property, plant and equipment, intangible assets, and right-of-use assets; (iv) losses on materials arising from raw material write-offs due to the termination of planned product development and sales and (v) others.

The following table sets forth a breakdown of our other losses, net, for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment loss on disposals of financial assets at FVTOCI	92	107	52
Net foreign exchange (gains)/losses	(551)	746	685
Net losses on disposal of property, plant, equipment, intangible assets, and right-of-use assets	2,364	556	83
Losses on materials	4,036	2,658	–
Others	17	70	85
Total	**5,958**	**4,137**	**905**

Net impairment losses recognized or reversed on financial assets

During the Track Record Period, our net impairment losses recognized or reversed on financial assets mainly reflected net impairment losses which were recognized or reversed on our trade and other receivables.

Our net impairment losses recognized on financial assets were RMB491 thousand for the year ended December 31, 2023, while our net impairment losses reversed on financial assets were RMB174 thousand and RMB146 thousand for the years ended December 31, 2024 and 2025, respectively.

R&D expenses

During the Track Record Period, our R&D expenses consisted of (i) employee benefit expenses, mainly representing salaries, bonuses and welfare expenses incurred for our R&D personnel; (ii) raw materials consumed in relation to the materials used in R&D activities and testing; (iii) depreciation and amortization, including depreciation of property, plant and equipment and amortization of right-of-use assets and intangible assets, mainly associated with R&D offices, laboratories, and equipment and (iv) others, primarily consisting of miscellaneous expenses.

The following table sets forth a breakdown of our R&D expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	25,878	81.9	22,292	82.8	26,754	83.3
Raw materials consumed	2,153	6.9	1,807	6.8	2,743	8.5
Depreciation and amortization	1,585	5.0	1,350	5.0	1,210	3.8
Others	1,966	6.2	1,458	5.4	1,418	4.4
Total	**31,582**	**100.0**	**26,907**	**100.0**	**32,125**	**100.0**

General and administrative expenses

During the Track Record Period, our general and administrative expenses consisted of (i) employee benefit expenses, representing salaries, bonuses, and welfare expenses incurred for administrative personnel; (ii) business entertainment, office and travel expenses, including business entertainment expenses and office and travel expenses; (iii) professional fees, including payments to professional service providers for legal, financial, and regulatory matters; (iv) tax and surcharges, including government levies and other surcharges associated with administrative operations; (v) depreciation and amortization, including depreciation of property, plant and equipment, and amortization of right-of-use assets and intangible assets, which are related to office facilities and equipment and (vi) others, primarily consisting of miscellaneous expenses.

The following table sets forth a breakdown of our general and administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	20,679	65.3	19,647	70.7	20,361	58.1
Business entertainment, office and travel expenses	4,313	13.6	2,649	9.5	3,669	10.5
Professional fees	1,247	3.9	890	3.2	5,846	16.7
Tax and surcharges	3,082	9.7	1,575	5.7	1,862	5.3
Depreciation and amortization	1,962	6.2	1,637	5.9	1,425	4.1
Others	413	1.3	1,392	5.0	1,852	5.3
Total	**31,696**	**100.0**	**27,790**	**100.0**	**35,015**	**100.0**

Selling expenses

During the Track Record Period, our selling expenses consisted of: (i) employee benefit expenses, representing salaries, bonuses and welfare expenses incurred for our sales and distribution personnel; (ii) advertising, marketing and promotion expenses, including advertising and marketing expenses; (iii) sales platform fees, representing fees charged by e-commerce platforms in relation to our sales therein; (iv) business entertainment, office and travel expenses, including business entertainment expenses and office and travel expenses; and (v) others, primarily consisting of miscellaneous expenses.

The following table sets forth a breakdown of our selling expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	20,520	36.6	21,996	41.5	24,147	31.2
Advertising, marketing and promotion expenses	17,389	31.1	14,470	27.3	24,170	31.2
Sales platform fees	9,168	16.4	9,558	18.0	21,059	27.2
Business entertainment, office and travel expenses	3,792	6.8	1,933	3.6	2,071	2.7
Others	5,128	9.1	5,073	9.6	5,963	7.7
Total	**55,997**	**100.0**	**53,030**	**100.0**	**77,410**	**100.0**

Finance costs

During the Track Record Period, our finance costs primarily consisted of (i) interest expense on bank borrowings; (ii) interest expense on other borrowings and (iii) interest expense on lease liabilities.

The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expense on bank borrowings	1,019	1,034	1,249
Interest expense on other borrowings	2,917	1,718	178
Interest expense on lease liabilities	426	554	441
Total	**4,362**	**3,306**	**1,868**

Income tax credit or expense

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for us is calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on our estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

For the year ended December 31, 2020, our Company was recognized as a high and new technology enterprise ("**HNTE**"), therefore, enjoyed a preferential income tax rate of 15% for the year ended December 31, 2020, to the year ended December 31, 2022. Our Company renewed our HNTE recognition for the years ended December 31, 2023, 2024, and 2025 and enjoyed the 15% preferential income tax rate for the years ended December 31, 2023, 2024, and 2025.

Our subsidiary, domiciled in Hong Kong, is subject to a two-tiered income tax rate for taxable income earned in Hong Kong, effectively since April 1, 2018. The first two million Hong Kong dollars of profits earned by the qualifying group entity are subject to taxation at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Our income tax credit was RMB0.4 million and RMB0.3 million, respectively, for the years ended December 31, 2023 and 2024. Our income tax expense was RMB2.6 million for the year ended December 31, 2025.

RESULTS OF OPERATIONS

Year ended December 31, 2025, compared to year ended December 31, 2024

Revenue

Our revenue increased by 35.0% from RMB352.4 million for the year ended December 31, 2024 to RMB475.6 million for the year ended December 31, 2025, primarily due to a 98.9% increase in revenue from the overseas market, from RMB132.4 million for the year ended December 31, 2024 to RMB263.3 million for the year ended December 31, 2025. Such increase was mainly attributable to our strategic focus on overseas markets, strong brand marketing and product development capabilities, and our ability to deliver competitive and differentiated products, including our mid-to-high-end Z series models and the broad range of N series models of dash cameras designed to align with regional market needs, which are increasingly recognized by overseas customers. The increase was partially offset by a decrease in revenue from the Chinese mainland market from RMB220.0 million for the year ended December 31, 2024 to RMB212.3 million for the year ended December 31, 2025, due to our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets.

Revenue from the sale of dash cameras

Our revenue from dash cameras increased by 44.8% from RMB260.1 million for the year ended December 31, 2024 to RMB376.5 million for the year ended December 31, 2025. This increase was primarily attributable to the increase in our overseas sales for the same reasons mentioned above.

Revenue from the sale of others

Our revenue from others increased by 7.3% from RMB92.3 million for the year ended December 31, 2024 to RMB99.1 million for the year ended December 31, 2025 mainly due to a significant increase in the sales volume of our 4G cloud boxes, smart car screens, and vehicle-mounted peripherals such as microSD cards and step-down cables, due to purchases from our existing dash camera consumers and stronger market demand.

Cost of sales

Our cost of sales increased by 34.5% from RMB218.6 million for the year ended December 31, 2024 to RMB294.0 million for the year ended December 31, 2025, which was largely in line with our revenue increase.

Gross profit and gross profit margin

Our gross profit increased by 35.7% from RMB133.8 million for the year ended December 31, 2024 to RMB181.6 million for the year ended December 31, 2025, and was primarily due to the increase in the gross profit from dash cameras from RMB104.2 million for the year ended December 31, 2024 to RMB148.7 million for the year ended December 31, 2025.

Our gross profit margin remained relatively stable, increasing slightly from 38.0% for the year ended December 31, 2024 to 38.2% for the year ended December 31, 2025.

Other income

Our other income increased by 21.3% from RMB4.0 million for the year ended December 31, 2024 to RMB4.8 million for the year ended December 31, 2025. This increase was mainly attributable to an increase in sales of raw materials and accessories from RMB0.2 million for the year ended December 31, 2024 to RMB2.2 million for the year ended December 31, 2025, primarily due to the disposal of excessive inventory of raw materials and accessories arising from adjustments to product specifications and updated demand forecasts, in order to improve inventory turnover. The increase was partially offset by a decrease in VAT refund from RMB2.6 million for the year ended December 31, 2024 to RMB1.5 million for the year ended December 31, 2025, primarily because certain VAT refunds were not applied for on a timely basis and were deferred to subsequent periods.

Other losses, net

Our other losses, net decreased by 78.1% from RMB4.1 million for the year ended December 31, 2024 to RMB0.9 million for the year ended December 31, 2025. This decrease was primarily attributable to (i) a decrease in losses on materials from RMB2.7 million for the year ended December 31, 2024 to nil for the year ended December 31, 2025 due to the completion of disposal of raw material arising from the termination of planned product development; and (ii) the decrease in net losses on the disposal of property, plant and equipment and intangible assets from RMB0.6 million for the year ended December 31, 2024 to RMB83,000 for the year ended December 31, 2025, as we substantially completed the disposal of property, plant and equipment during the closure of our production facility in Pinghu, Zhejiang Province (the "**Pinghu Facility**") in 2024 and only disposed of a limited number of equipment in 2025.

Net impairment losses recognized or reversed on financial assets

Our net impairment losses reversed on financial assets remained relatively stable at RMB174 thousand for the year ended December 31, 2024 and RMB146 thousand for the year ended December 31, 2025.

R&D expenses

Our R&D expenses increased by 19.4% from RMB26.9 million for the year ended December 31, 2024 to RMB32.1 million for the year ended December 31, 2025, primarily due to an increase in employee benefit expenses from RMB22.3 million for the year ended December 31, 2024 to RMB26.8 million for the year ended December 31, 2025, mainly resulting from headcount growth of our R&D team to transform to platform-based product development.

General and administrative expenses

Our general and administrative expenses increased by 26.0% from RMB27.8 million for the year ended December 31, 2024 to RMB35.0 million for the year ended December 31, 2025, primarily because of (i) an increase in our professional fee from RMB0.9 million for the year ended December 31, 2024 to RMB5.8 million for the year ended December 31, 2025, which was primarily related to the **[REDACTED]**, and (ii) an increase in business entertainment, office and travel expenses from RMB2.6 million for the year ended December 31, 2024 to RMB3.7 million for the year ended December 31, 2025 to support our growing business scale.

Selling expenses

Our selling expenses increased by 46.0% from RMB53.0 million for the year ended December 31, 2024 to RMB77.4 million for the year ended December 31, 2025. This increase was primarily attributable to (i) an increase in advertising, marketing and promotion expenses from RMB14.5 million for the year ended December 31, 2024 to RMB24.2 million for the year ended December 31, 2025, driven by increased marketing and e-commerce platform promotional spending in both domestic and overseas markets; and (ii) an increase in platform services fees from RMB9.6 million for the year ended December 31, 2024 to RMB21.1 million for the year ended December 31, 2025, mainly due to the rapid expansion of our direct online sales in overseas markets, where sales platform fees were generally higher than those in the domestic markets.

Finance costs

Our finance costs decreased by 43.5% from RMB3.3 million for the year ended December 31, 2024 to RMB1.9 million for the year ended December 31, 2025. This decrease was primarily attributable to a reduction in interest expense on other borrowings from RMB1.7 million for the year ended December 31, 2024 to RMB0.2 million for the year ended December 31, 2025, mainly as a result of the repayment of other borrowings.

Income tax expense

Our income tax credit was RMB0.3 million for the year ended December 31, 2024 and our income tax expense was RMB2.6 million for the year ended December 31, 2025, primarily because of the increased taxable income for the year ended December 31, 2025.

Profit for the year

As a result, our profit for the year increased by 59.2% from RMB23.0 million for the year ended December 31, 2024 to RMB36.6 million for the year ended December 31, 2025.

Year ended December 31, 2024, compared to year ended December 31, 2023

Revenue

Our revenue decreased by 10.7% from RMB394.5 million for the year ended December 31, 2023 to RMB352.4 million for the year ended December 31, 2024, primarily due to a decrease in revenue from the Chinese mainland market from RMB308.4 million for the year ended December 31, 2023 to RMB220.0 million for the year ended December 31, 2024. The decrease was mainly attributable to our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets, where intensified competition further compressed margins, which was partially offset by the increase in revenue from overseas market from RMB86.1 million for the year ended December 31, 2023 to RMB132.4 million for the year ended December 31, 2024 as we strategically developed overseas sales.

Revenue from the sale of dash cameras

Our revenue from the sales of dash cameras decreased by 4.8% from RMB273.3 million for the year ended December 31, 2023 to RMB260.1 million for the year ended December 31, 2024. This decrease was primarily attributable to the decrease in revenue from the Chinese mainland market for the same reasons mentioned above.

Revenue from the sale of others

Our revenue from the sales of others decreased by 23.8% from RMB121.2 million for the year ended December 31, 2023 to RMB92.3 million for the year ended December 31, 2024, mainly due to the decrease in revenue from our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets.

Cost of sales

Our cost of sales decreased by 12.9% from RMB251.0 million for the year ended December 31, 2023 to RMB218.6 million for the year ended December 31, 2024, which was in line with our revenue decrease.

Gross profit and gross profit margin

Our gross profit decreased by 6.7% from RMB143.4 million for the year ended December 31, 2023 to RMB133.8 million for the year ended December 31, 2024, and was primarily due to the decrease in the gross profit from others from RMB39.1 million for the year ended December 31, 2023 to RMB29.6 million for the year ended December 31, 2024 due to our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets.

Our gross profit margin increased from 36.4% for the year ended December 31, 2023 to 38.0% for the year ended December 31, 2024, primarily due to (i) optimization of our product pricing structure, driven by higher sales volumes of high-margin products in the overseas markets; (ii) our strategic reduction in sales of low-margin Third-Party Brand Products in domestic markets; and (iii) ongoing unit cost reduction and efficiency improvements, including standardizing product components to reduce procurement complexity and cost, increasing purchase scale to lower per-unit raw material costs and implementing waste-reduction initiatives throughout our production processes.

Other income

Our other income decreased by 18.7% from RMB4.9 million for the year ended December 31, 2023 to RMB4.0 million for the year ended December 31, 2024. This decrease was primarily attributable to (i) a decrease in government grants from RMB2.0 million for the year ended December 31, 2023 to RMB0.8 million for the year ended December 31, 2024, as certain government grants we received in 2023 were one-off in nature, including subsidies granted based on our recognition as a Specialized, Sophisticated, Distinctive and Innovative Small and Medium-sized Enterprise （專精特新中小企業） in 2022 and (ii) a decrease in advertising income from RMB1.0 million for the year ended December 31, 2023 to RMB0.2 million for the year ended December 31, 2024, as we gradually discontinued advertisements embedded in our DDPAI App, to enhance user experience. This decrease was partially offset by an increase in VAT refund from RMB1.8 million for the year ended December 31, 2023 to RMB2.6 million for the year ended December 31, 2024 mainly due to additional VAT refunds arising from the addition of license fees for software embedded in our products.

Other losses, net

Our other losses, net decreased by 30.6% from RMB6.0 million for the year ended December 31, 2023 to RMB4.1 million for the year ended December 31, 2024, which was primarily attributable to (i) a decrease in net losses on disposal of property, plant and equipment and intangible assets from RMB2.4 million for the year ended December 31, 2023 to RMB0.6 million for the year ended December 31, 2024 as we substantially completed the disposal of property, plant and equipment during the closure of our Pinghu Facility in 2024 and (ii) a decrease in losses for materials from RMB4.0 million for the year ended December 31, 2023 to RMB2.7 million for the year ended December 31, 2024 due to the gradual disposal of raw material arising from the termination of planned product development.

Net impairment losses recognized or reversed on financial assets

Our net impairment losses on financial assets changed from a recognized loss of RMB491 thousand for the year ended December 31, 2023 to a reversal of RMB174 thousand for the year ended December 31, 2024. This reversal was primarily attributable to the decrease in the balance of our trade receivables.

R&D expenses

Our R&D expenses decreased by 14.8% from RMB31.6 million for the year ended December 31, 2023 to RMB26.9 million for the year ended December 31, 2024, primarily due to a decrease in employee benefit expenses from RMB25.9 million for the year ended December 31, 2023 to RMB22.3 million for the year ended December 31, 2024, mainly resulting from headcount adjustments of our R&D team due to completion of R&D projects.

General and administrative expenses

Our general and administrative expenses decreased by 12.3% from RMB31.7 million for the year ended December 31, 2023 to RMB27.8 million for the year ended December 31, 2024. This decrease was primarily attributable to (i) a decrease in business entertainment and travel expenses from RMB4.3 million for the year ended December 31, 2023 to RMB2.6 million for the year ended December 31, 2024 and (ii) a decrease in tax and surcharges from RMB3.1 million for the year ended December 31, 2023 to RMB1.6 million for the year ended December 31, 2024, both of which were in line with the change of our business scale.

Selling expenses

Our selling expenses decreased by 5.3% from RMB56.0 million for the year ended December 31, 2023 to RMB53.0 million for the year ended December 31, 2024, This decrease was primarily attributable to (i) a decrease in advertising and promotion expenses from RMB17.4 million for the year ended December 31, 2023 to RMB14.5 million for the year ended December 31, 2024; and (ii) a decrease in business entertainment, office and travel expenses from RMB3.8 million for the year ended December 31, 2023 to RMB1.9 million for the year ended December 31, 2024, both of which were in line with the decrease in our revenue.

Finance costs

Our finance costs decreased by 24.2% from RMB4.4 million for the year ended December 31, 2023 to RMB3.3 million for the year ended December 31, 2024. which was primarily due to a decrease in interest expense on other borrowings from RMB2.9 million for the year ended December 31, 2023 to RMB1.7 million for the year ended December 31, 2024, mainly because of the repayment of other borrowings.

Income tax credit

Our income tax credit decreased by 36.5% from RMB0.4 million for the year ended December 31, 2023 to RMB0.3 million for the year ended December 31, 2024. This change was primarily attributable to the increase in profit before tax, partially offset by the decrease in non-deductible expenses.

Profit for the year

As a result, our profit for the year increased by 23.5% from RMB18.6 million for the year ended December 31, 2023 to RMB23.0 million for the year ended December 31, 2024.

DESCRIPTION OF MAJOR LINE ITEMS IN OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	196,020	183,734	256,227
Total non-current assets	41,595	41,841	35,634
Total assets	**237,615**	**225,575**	**291,861**
Total current liabilities	163,342	156,432	207,145
Total non-current liabilities	39,754	21,654	7,035
Total liabilities	**203,096**	**178,086**	**214,180**
Net current assets	**32,678**	**27,302**	**49,082**
Net assets	**34,519**	**47,489**	**77,681**
Share capital	20,610	20,610	20,610
Other reserves	22,162	14,395	10,187
(Accumulated losses)/retained earnings	(8,253)	12,484	46,884
Total equity	**34,519**	**47,489**	**77,681**

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Current assets				
Inventories	105,039	84,984	120,491	142,129
Trade receivables	34,282	18,771	16,320	17,712
Prepayments, other receivables and other assets	25,299	28,891	36,569	28,917
Financial assets at fair value through other comprehensive income	4,000	4,219	10,194	667
Cash and cash equivalents	27,400	46,869	72,653	52,359
Total current assets	**196,020**	**183,734**	**256,227**	**241,784**
Current liabilities				
Trade payables	95,596	80,070	126,460	102,548
Other payables and accruals	32,545	23,208	30,147	14,613
Contract liabilities	3,442	2,910	4,831	4,731
Borrowings	26,026	45,335	41,231	41,044
Provisions	1,640	2,024	1,420	1,935
Lease liabilities	4,083	2,885	3,009	3,115
Income tax payable	10	–	47	11
Total current liabilities	**163,342**	**156,432**	**207,145**	**167,997**
Net current assets	**32,678**	**27,302**	**49,082**	**73,787**

Our net current assets increased by 50.3% from RMB49.1 million as of December 31, 2025 to RMB73.8 million as of April 30, 2026. This increase was primarily due to (i) an increase in inventories of RMB21.6 million, which reflected the expansion of our sales scale, and (ii) a decrease in trade payables of RMB23.9 million due to the settlement of outstanding payments to suppliers. This was partially offset by a decrease in cash and cash equivalents of RMB20.3 million, primarily attributable to increased operating expenditures to support our continued business expansion.

Our net current assets increased by 79.8% from RMB27.3 million as of December 31, 2024 to RMB49.1 million as of December 31, 2025. This increase was primarily due to (i) an increase in inventories of RMB35.5 million and (ii) an increase in cash and cash equivalents of RMB25.8 million, both of which reflected the expansion of our sales scale and revenue during the year. This was partially offset by an increase in trade payables of RMB46.4 million, which rose in line with higher procurement amounts to support the increased sales volume.

Our net current assets decreased by 16.5% from RMB32.7 million as of December 31, 2023 to RMB27.3 million as of December 31, 2024. This decrease was primarily attributable to (i) a decrease in inventories of RMB20.1 million mainly due to our decreased sales volume and (ii) a decrease in trade receivables of RMB15.5 million, reflecting reduced sales of Third-Party Brand Products in domestic markets.

Property, plant and equipment

Our property, plant and equipment primarily consisted of (i) mold; (ii) machinery; (iii) leasehold improvement; and (iv) office equipment and others.

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Mold	2,774	1,387	1,865
Machinery	4,649	3,865	3,597
Leasehold improvement	1,663	4,341	3,257
Office equipment and others	3,706	2,631	2,470
Total	**12,792**	**12,224**	**11,189**

Our property, plant and equipment were RMB12.8 million as of December 31, 2023 and RMB12.2 million as of December 31, 2024, and remained relatively stable. Our property, plant, and equipment further decreased by 8.5% from RMB12.2 million as of December 31, 2024 to RMB11.2 million as of December 31, 2025, primarily attributable to the continued depreciation of property, plant and equipment.

Right-of-use assets

Our right-of-use assets consisted of properties leased for our own use, primarily as offices and production facilities. Our right-of-use assets increased by 14.2% from RMB9.3 million as of December 31, 2023 to RMB10.6 million as of December 31, 2024, primarily due to recognition of new right-of-use assets arising from the lease agreements of our relocated production facility in Dongguan, Guangdong Province (the "**Dongguan Facility**"). Our right-of-use assets decreased by 26.9% from RMB10.6 million as of December 31, 2024 to RMB7.8 million as of December 31, 2025, and was primarily due to depreciation charged during the year.

Inventories

Our inventories primarily consisted of (i) raw materials, (ii) work in progress, and (iii) finished goods.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	33,885	24,251	32,117
Work in progress	18,446	7,891	14,041
Finished goods	63,398	62,409	84,117
Sub-total	**115,729**	**94,551**	**130,275**
Less: provision for impairment	(10,690)	(9,567)	(9,784)
Total	**105,039**	**84,984**	**120,491**

Our inventories decreased by 19.1% from RMB105.0 million as of December 31, 2023 to RMB85.0 million as of December 31, 2024, primarily due to the decrease in raw materials and work in progress, which was consistent with our sales volume trend. Our inventories increased by 41.8% from RMB85.0 million as of December 31, 2024 to RMB120.5 million as of December 31, 2025, primarily due to the expansion of sales scale.

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

	As of December 31,		
	2023	**2024**	**2025**
0-365 days	96,418	78,057	108,512
More than 365 days	8,621	6,927	11,979
Total	**105,039**	**84,984**	**120,491**

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

	Year ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days	172	176	140

Note: Inventory turnover days are calculated by dividing the average of the opening and closing balance of inventories by cost of sales and multiplying by 365 days.

Our average inventory turnover days were 172 days, 176 days, and 140 days for the years ended December 31, 2023, 2024, and 2025, respectively. Our inventory turnover days decreased significantly from 172 days for the year ended December 31, 2023 to 140 days for the year ended December 31, 2025, primarily due to (i) the optimization of finished goods delivery cycles within our supply chain; and (ii) decreased sales of Third-Party Brand Products to domestic automobile manufacturers, which enhanced our inventory turnover.

As of April 30, 2026, RMB120.4 million, or 92.5% of our inventories as of December 31, 2025 had been utilized or sold.

Trade receivables

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	36,383	20,838	18,093
Less: allowance for impairment	(2,101)	(2,067)	(1,773)
Total	**34,282**	**18,771**	**16,320**

Our trade receivables decreased by 45.2% from RMB34.3 million as of December 31, 2023 to RMB18.8 million as of December 31, 2024, and further decreased by 13.1% to RMB16.3 million as of December 31, 2025, primarily due to reduced sales to domestic automobile manufacturers, which generally require longer credit terms.

For trade receivables, we applied a simplified approach in calculating ECL and recognized a loss allowance based on lifetime ECL at the end of each year for the Track Record Period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, we have established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables have been grouped based on shared credit risk characteristics.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	31,659	18,531	16,193
Over 1 year but within 2 years	3,081	406	199
Over 2 years but within 3 years	59	271	40
Over 3 years but within 4 years	201	57	51
Over 4 years	1,383	1,573	1,610
Total	**36,383**	**20,838**	**18,093**

The following table sets forth the trade receivables turnover days for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days	27	30	15

Note: Trade receivables turnover days are calculated by dividing the average of the opening and closing balance of trade receivables by revenue and multiplying by 365 days.

Our average trade receivables turnover days were 27 days, 30 days, and 15 days for the years ended December 31, 2023, 2024, and 2025, respectively. Our trade receivables turnover days remained relatively stable from the year ended December 31, 2023 to the year ended December 31, 2024. They decreased to 15 days for the year ended December 31, 2025, mainly due to a decline in trade receivables, driven by (i) significant growth in our overseas offline distributor business, where most customers typically settled payments upfront, and (ii) a further reduction in sales to automobile manufacturers, which generally require longer credit terms.

As of April 30, 2026, RMB16.0 million, or 88.3% of our trade receivables as of December 31, 2025 was settled.

Prepayments, other receivables and other assets

The prepayments, other receivables and other assets primarily consisted of (i) others receivables including deposits receivables, amounts due from related parties, and others; (ii) VAT recoverable; (iii) prepayments for materials and services and others; (iv) prepayments for acquisition of property, plant and equipment; and (v) deferred **[REDACTED]** expenses.

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
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for acquisition of property, plant and equipment	1,251	13	497
Current			
Other receivables			
– Amounts due from related parties	2,189	9,929	–
– Deposits receivables	3,550	2,753	3,051
– Others	2,337	2,164	2,661
Less: allowance for impairment	(992)	(852)	(1,000)
	7,084	**13,994**	**4,712**
VAT recoverable	15,996	12,885	18,898
Prepayments for materials and services	2,178	1,935	11,692
Deferred **[REDACTED]** expenses	–	–	945
Other prepayments	41	77	322
Sub-total	**25,299**	**28,891**	**36,569**
Total	**26,550**	**28,904**	**37,066**

Our prepayments, other receivables and other assets increased by 8.9% from RMB26.6 million as of December 31, 2023 to RMB28.9 million as of December 31, 2024 mainly due to an increase in amounts due from related parties of RMB7.7 million. The increase was partially offset by (i) a decrease in VAT recoverable of RMB3.1 million, as more input VAT was settled during the year and (ii) a decrease in prepayments for acquisition of property, plant and equipment of RMB1.2 million due to the settlement of the prepayment balance for the renovation of our Dongguan Facility in 2023.

Our prepayments, other receivables and other assets increased by 28.2% from RMB28.9 million as of December 31, 2024 to RMB37.1 million as of December 31, 2025 primarily due to (i) an increase in VAT recoverable of RMB6.0 million, driven by higher input VAT arising from increased purchases to support overseas business growth and inventory buildup; and (ii) an increase in prepayments for materials and services of RMB9.8 million due to partly due to the shortage of chips and increase in chip prices, in response to which we make advance payments to our suppliers to lock in supply for our three to six month chip inventory needs amid chip shortages and price volatility.

Financial assets at fair value through other comprehensive income

Our financial assets at FVTOCI primarily consisted of notes receivable measured at FVTOCI. Our financial assets at FVTOCI increased by 5.5% from RMB4.0 million as of December 31, 2023 to RMB4.2 million as of December 31, 2024, and further increased by 141.6% to RMB10.2 million as of December 31, 2025, primarily due to our liquidity management to apply working capital on financial assets with interest income/the accumulation of notes receivable because we generally settled with our suppliers through note receivables, whereas more and more suppliers of key raw materials, such as chips, required advance cash payments in 2025.

Cash and cash equivalents

We had cash and cash equivalents of RMB27.4 million, RMB46.9 million and RMB72.7 million as of December 31, 2023, 2024 and 2025, respectively. For details, see "— Liquidity and capital resources" in this section.

Trade payables

Our trade payables primarily related to balances due to our suppliers of raw materials. Our trade payables decreased by 16.2% from RMB95.6 million as of December 31, 2023 to RMB80.1 million as of December 31, 2024, and increased by 57.9% to RMB126.5 million as of December 31, 2025, the movement of which was in line with the changes in our inventory.

During the Track Record Period, our suppliers generally granted us a credit period within 120 days. The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
– Within 1 year	94,577	74,522	125,651
– Over 1 year but within 2 years	692	5,009	15
– Over 2 years but within 3 years	205	213	712
– Over 3 years	122	326	82
Total	**95,596**	**80,070**	**126,460**

The following table sets forth the trade payables turnover days for the periods indicated:

	For the year ended December 31,		
	2023	2024	2025
Trade payables turnover days	112	147	128

Note: Trade payables turnover days are calculated by dividing the average of the opening and closing balance of trade payables by cost of sales and multiplying by 365 days.

Our trade payables turnover days were 112 days, 147 days and 128 days for the years ended December 31, 2023, 2024 and 2025, respectively. Our trade payables turnover days increased from 112 days for the year ended December 31, 2023 to 147 days for the year ended December 31, 2024, primarily due to the decrease in sales during 2024. Our trade payables turnover days then decreased to 128 days for the year ended December 31, 2025, primarily due to the increase in sales during 2025.

As of April 30, 2026, RMB112.2 million, or 88.7% of our trade payables as of December 31, 2025 was settled.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

The following table sets forth selected cash flows data from our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	50,068	51,228	46,946
Net cash flows (used in)/generated from investing activities	(9,984)	(12,084)	6,777
Net cash flows used in financing activities	(39,442)	(18,744)	(27,239)
Net increase in cash and cash equivalents	642	20,400	26,484
Cash and cash equivalents at beginning of the year	26,114	27,400	46,869
Effects of foreign exchange rate changes	644	(931)	(700)
Cash and cash equivalents at end of the year	**27,400**	**46,869**	**72,653**

Net cash flows generated from operating activities

Our cash generated from operations represents profit or loss before taxation adjusted for (i) certain non-cash or non-operating activities related items, (ii) the effect of changes in working capital, such as changes in trade and notes receivables, prepayments, other receivables and other assets, inventories and trade and other payables, and (iii) income tax paid.

For the year ended December 31, 2025, we had net cash generated from operating activities of RMB46.9 million, resulting from our profit before income tax of RMB39.2 million, adjusted by non-cash items, primarily comprising depreciation of property, plant and equipment of RMB3.5 million, depreciation of right-of-use assets of RMB2.9 million, amortization of intangible assets of RMB0.3 million and net impairment losses recognized on inventories of RMB7.9 million, and negative movements in working capital primarily reflected by an increase in inventories of RMB43.4 million, an increase in prepayments, other receivables and other assets of RMB16.1 million, partially offset by an increase in trade payables of RMB46.4 million.

For the year ended December 31, 2024, we had net cash generated from operating activities of RMB51.2 million, which primarily represented our profit before income tax of RMB22.7 million, adjusted by non-cash items, primarily comprising depreciation of property, plant and equipment of RMB4.8 million, depreciation of right-of-use assets of RMB3.1 million, amortization of intangible assets of RMB0.3 million, net impairment losses recognized on inventories of RMB4.3 million and finance cost of RMB3.3 million, and positive movements in working capital primarily reflected by a decrease in trade receivables of RMB15.5 million and a decrease in inventories of RMB15.7 million, partially offset by a decrease in trade payables of RMB15.5 million.

For the year ended December 31, 2023, we had net cash generated from operating activities of RMB50.1 million, resulting from our profit before income tax of RMB18.2 million, adjusted by non-cash items, primarily comprising depreciation of property, plant and equipment of RMB5.5 million, depreciation of right-of-use assets of RMB4.5 million, amortization of intangible assets of RMB0.3 million, net impairment losses recognized on inventories of RMB5.9 million and finance cost of RMB4.4 million, and positive movements in working capital primarily reflected by an increase in trade payables of RMB36.1 million.

Net cash flows (used in)/ generated from investing activities

For the year ended December 31, 2025, we had net cash generated from investing activities of RMB6.8 million, primarily due to proceeds from repayment of advances to related parties of RMB19.2 million, partially offset by purchase of property, plant and equipment and intangible assets of RMB3.2 million and payment for advances to a related party of RMB9.2 million.

For the year ended December 31, 2024, we had net cash used in investing activities of RMB12.1 million, primarily due to payment of repayment of advances to a related party of RMB8.9 million and purchases of property, plant and equipment and intangible assets of RMB5.4 million.

For the year ended December 31, 2023, we had net cash used in investing activities of RMB10.0 million, primarily due to purchases of property, plant and equipment and intangible assets of RMB10.2 million.

Net cash flows used in financing activities

For the year ended December 31, 2025, we had net cash used in financing activities of RMB27.2 million, primarily due to repayment of bank and other borrowings of RMB84.6 million and payment of repurchase of shares of RMB6.4 million, partially offset by proceeds from bank borrowings of RMB70.5 million.

For the year ended December 31, 2024, we had net cash used in financing activities of RMB18.7 million, primarily due to repayment of bank and other borrowings of RMB64.8 million and payment of repurchase of shares of RMB10.0 million, partially offset by proceeds from bank borrowings of RMB64.1 million.

For the year ended December 31, 2023, we had net cash used in financing activities of RMB39.4 million, primarily due to repayment of bank and other borrowings of RMB71.2 million and principal elements and interest elements of lease payments of RMB4.6 million, partially offset by proceeds from bank borrowings of RMB40.8 million.

Working capital sufficiency

Our liquidity and capital resource needs over the next 12 months primarily relate to working capital requirements, including inventory build-up to support the continued expansion of our overseas market, and capital expenditures for office expansion and production line upgrades. We believe our liquidity requirements will be satisfied by a combination of cash flow generated from operating activities, our existing cash and cash equivalents, and the **[REDACTED]** from the **[REDACTED]**. As of April 30, 2026, we had cash and cash equivalents of RMB52.4 million. After taking into consideration the above financial resources available to us, and in the absence of unforeseeable circumstances, our Directors are of the opinion that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this document.

Our ability to obtain additional funding beyond our anticipated cash needs for the next 12 months following the date of this document, however, is subject to a variety of uncertainties, including our future results of operations, our future business plans, financial condition and cash flows, and economic, political and other conditions in the markets where we and our customers and lenders operate.

INDEBTEDNESS

During the Track Record Period, our indebtedness primarily comprised of borrowings, and lease liabilities. As of December 31, 2023, 2024 and 2025 and April 30, 2026, except as disclosed below, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, acceptance credits, hire purchase commitments, any guarantees or other material contingent liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			**As of April 30,**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)
Non-current				
Borrowings	33,932	11,609	–	–
Lease liabilities	5,822	8,845	5,835	4,779
Current				
Borrowings	26,026	45,335	41,231	41,044
Lease liabilities	4,083	2,885	3,009	3,115
Total	**69,863**	**68,674**	**50,075**	**48,938**

Borrowings

Our borrowings decreased by 5.0% from RMB60.0 million as of December 31, 2023 to RMB56.9 million as of December 31, 2024, and further decreased by 27.6% to RMB41.2 million as of December 31, 2025, primarily due to repayments.

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Short-term bank borrowings			
– Unsecured and unguaranteed	–	2,800	–
– Unsecured and guaranteed	21,022	31,524	15,511
– Secured and guaranteed	5,004	11,011	25,720
Sub-total	**26,026**	**45,335**	**41,231**
Long-term other borrowings			
– Unsecured and unguaranteed	33,932	11,609	-
Total	**59,958**	**56,944**	**41,231**

The annual interest rate of our borrowings ranged from 2.80% to 3.80% as of December 31, 2023, from 2.85% to 3.50% as of December 31, 2024 and from 2.50% to 3.10% as of December 31, 2025.

As of April 30, 2026, we had unutilized banking facilities of RMB37.5 million.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing as of the Latest Practicable Date. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans, other borrowings, trade and non-trade payables 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 borrowings in the future.

Lease liabilities

During the Track Record Period, our lease liabilities were mainly related to the offices and production facilities we leased for business operations. Our lease liabilities increased by 18.4% from RMB9.9 million as of December 31, 2023 to RMB11.7 million as of December 31, 2024, primarily due to relocation of our Dongguan Facility. Our lease liabilities decreased by 24.6% from RMB11.7 million as of December 31, 2024 to RMB8.8 million as of December 31, 2025, primarily due to lease payment made during the year.

Save as disclosed above, our Directors confirm that, as of the Latest Practicable Date, there has been no material change in our indebtedness or financial position since December 31, 2025.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

CAPITAL COMMITMENTS AND CAPITAL EXPENDITURE

Capital Commitments

As of December 31, 2023, 2024 and 2025, we had no material commitments contracted but not provided for in the historical financial information.

Capital Expenditure

For the years ended December 31, 2023, 2024, and 2025, our capital expenditure amounted to RMB10.2 million, RMB5.4 million, and RMB3.2 million, respectively.

Our capital expenditure during the Track Record Period mainly represented purchases of items of property, plant and equipment to enhance our production capabilities, expand capacity, and upgrade existing equipment. We intend to fund our planned capital expenditure through a combination of cash generated from operating activities and the **[REDACTED]** from the **[REDACTED]**.

Our actual capital expenditures may differ from the amounts set forth above because of various factors, including our future cash flows, results of operations and financial condition, economic conditions in the market and changes in the regulatory environment. In addition, we may incur additional capital expenditure from time to time as we pursue new opportunities to expand our business.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

We entered into transactions with related parties during the Track Record Period. For more details about our related party transactions, see Note 31 to the Accountants' Report in Appendix I to this document.

Our Directors are of the view that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, with normal commercial terms between the relevant parties and would not distort our results of operations or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

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

	As of/ Year ended December 31,		
	2023	2024	2025
Gross profit margin (1) (%)	36.4	38.0	38.2
Net profit margin (2) (%)	4.7	6.5	7.7
Quick ratio (3) (Times)	0.6	0.6	0.7
Gearing ratio (4) (%)	202.4	144.6	64.5
Current ratio (5) (Times)	1.2	1.2	1.2

Notes:

(1) Gross profit margin equals gross profit for the year divided by revenue for the year and multiplied by 100%.

(2) Net profit margin equals net profit for the year divided by revenue for the year and multiplied by 100%.

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

(4) Gearing ratio is calculated based on total indebtedness (including borrowings and lease liabilities) divided by total equity and multiplied by 100%.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

We are exposed to various types of financial risks in the ordinary course of business, including foreign currency, interest rate, price, credit and liquidity risks. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 34 to the Accountants' Report in Appendix I to this document for further details.

DIVIDEND

No dividend has been paid or declared by our Company during the Track Record Period. We currently do not have a formal dividend policy or a fixed dividend payout ratio. Any future determination to declare and pay any dividends will be at the discretion of our Board subject to our Articles of Association and the PRC Company Law, and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board deems relevant. In addition, any final dividends for a financial year will be subject to our Shareholders' approval.

As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our retained earnings amounted to RMB44.5 million, which represented our distributable reserves as of the same date.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Unaudited **[REDACTED]** Financial Information" in Appendix II to this document for further details.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]** commissions and other fees incurred in connection with the **[REDACTED]**. We expect to incur total **[REDACTED]** expenses of HK$**[REDACTED]** million (assuming the **[REDACTED]** is not exercised and based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range), representing **[REDACTED]**% of the **[REDACTED]** of the **[REDACTED]** assuming no H Shares are issued pursuant to the **[REDACTED]**. The total **[REDACTED]** expenses consist of (i) HK$**[REDACTED]** million **[REDACTED]** related expenses (including **[REDACTED]** commissions, SFC transaction levy, Stock Exchange **[REDACTED]** fees and AFRC transaction levy); and (ii) HK$**[REDACTED]** million non-**[REDACTED]** related expenses (including (a) fees and expenses of legal advisers and reporting accountants of HK$**[REDACTED]** million; and (b) other fees and expenses of HK$**[REDACTED]** million). During the Track Record Period, we incurred **[REDACTED]** expenses of HK$**[REDACTED]** million, HK$**[REDACTED]** million of which was charged to our consolidated statements of comprehensive income, and HK$**[REDACTED]** million of which was attributable to the **[REDACTED]** of H Shares and will be deducted from equity upon the **[REDACTED]**. We expect to incur additional **[REDACTED]** expenses of HK$**[REDACTED]** million after the Track Record Period, HK$**[REDACTED]** million of which is expected to be charged to our consolidated statements of comprehensive income, and HK$**[REDACTED]** million of which is attributable to the **[REDACTED]** of H Shares and will be deducted from equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

See "Summary – Recent developments and no material adverse change" for our recent developments that occurred subsequent to the Track Record Period.

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since December 31, 2025, and there is no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

EVENTS AFTER THE TRACK RECORD PERIOD

See Note 38 to the Accountants' Report in Appendix I to this prospectus for further details.