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

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance and involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. Our actual results may differ materially from those anticipated in these forward looking statements as a result of any number of factors. In evaluating our business, you should carefully consider all the information provided in this Document, including "Risk Factors" and "Business."

OVERVIEW

We are a leading industrial technology group built on power electronics with global operations. Leveraging our long-standing technical expertise in power electronics, we have developed a product architecture comprising core components, software, and system solutions. This architecture is supported by three core technology platforms, namely power conversion technology platform, digital power control technology platform, and system control and communication technology platform. On this foundation, we have established six major business segments, comprising power supplies, new energy transportation, industrial automation, smart home appliances, intelligent equipment and precision connectivity and magnetic components.

During the Track Record Period, we achieved continuous revenue growth of RMB6,754.2 million, RMB8,172.5 million, and RMB9,402.8 million in 2023, 2024 and 2025, respectively, representing a CAGR of 18.0% from 2023 to 2025. Our cost of sales amounted to RMB5,095.4 million, RMB6,147.1 million and RMB7,349.2 million, respectively in line with our business expansion. In 2023, 2024 and 2025, our gross profit was RMB1,658.8 million, RMB2,025.4 million and RMB2,053.6 million, with gross profit margin of 24.6%, 24.8%, and 21.8% for the respective years.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The success of our business depends on many factors. The following are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

Our Ability to Develop and Scale Our Emerging Businesses

Our future growth may increasingly depend on our ability to commercialize and capitalize on opportunities arising from the rapid development of artificial intelligence and digital infrastructure. We are committed to developing and providing solutions in emerging high-value added sectors, such as AIDC power supplies, new energy transportation, and energy storage and charging integrated systems. For example, we have continued to invest in AIDC power supplies and related technologies and have established cooperation with leading customers in the AI computing infrastructure ecosystem. During the Track Record Period, the majority of AIDC-related projects remained in the development, validation, testing and initial delivery stages, and therefore their contribution to our revenue remained relatively limited. However, we believe that the market opportunity associated with AI computing infrastructure remains substantial. As one of the recommended suppliers of data center power solutions within the ecosystem of a leading global GPU and AI computing infrastructure company, we have continued to strengthen our technical capabilities and customer relationships in the AI power supply sector. Beginning in 2026, certain projects gradually entered commercial delivery stages. As of the Latest Practicable Date, demand for our AIDC-related products continued to grow, customer engagement remained active and commercialization progress was advancing as planned. Our ability to successfully scale production, expand customer adoption and increase commercial deliveries of such solutions in emerging high-value added sectors become an increasingly important factor affecting our future revenue growth and profitability.

Our Ability to Enhance R&D and Maintain Technological Leadership

Our R&D capabilities enable us to convert technological capabilities into products and solutions that meet ever-evolving customer demands. Such capabilities are critical to maintaining our long-term competitiveness and have a direct impact on our financial performance. During the Track Record Period, our research and development expenses increased from RMB770.6 million in 2023 to RMB984.0 million in 2024 and further to RMB1,122.3 million in 2025. We will continue to invest in product development, technological innovation and emerging business opportunities, including AIDC power supplies, new energy vehicle power electronics and other advanced technologies.

Our results of operations are significantly influenced by the breadth and competitiveness of our product offerings. During the Track Record Period, we continuously upgraded our product portfolios. Our ability to anticipate technological trends, improve product competitiveness and respond effectively to evolving industry requirements directly affects our revenue growth and profitability.

Our Ability to Capture Market Demand and Expand Overseas Market

Our business performance is affected by demand conditions in the end markets we serve and our ability to acquire, retain and expand customer relationships. During the Track Record Period, we continued to expand our customer base and product penetration across multiple industries. While certain business segments maintained relatively higher concentration among leading customers, we continued to broaden our customer coverage and diversify our customer portfolio. Our ability to capture demand growth, deepen relationships with existing customers and further expand our domestic and overseas customer base will continue to affect our future growth and financial performance.

Our future growth may also be contingent upon our ability to continuously expand our presence in overseas markets. During the Track Record Period, overseas markets contributed approximately 30% of our total revenue in each year. Global demand for energy-efficient home appliance, power supplies, industrial automation products and new energy transportation products continues to grow, which increasingly require suppliers with global manufacturing, delivery and service capabilities. We have established overseas production facilities, localized service networks, enabling us to better support international customers and respond to local market requirements. Going forward, we expect overseas markets to remain an important growth driver for our business.

Our Ability to Manage Cost Structure and Maintain Profitability

Our profitability is affected by our ability to effectively manage production costs, supply chain efficiency and pricing dynamics across different business segments. The prices of raw materials and components, may fluctuate from time to time. At the same time, competitive dynamics in certain downstream industries may affect pricing conditions and margin levels. We expect to continuously improve manufacturing efficiency, strengthen supply chain management, optimize product mix and enhance economies of scale. Our ability to maintain cost competitiveness while continuing to support business growth will remain an important factor affecting our results of operations.

BASIS OF PRESENTATION

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board. The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. See Note 1 to the Accountants' Report in Appendix I to this Document for more details.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our historical financial information. Accounting policies that are material for understanding our financial condition and results of operations are set forth in detail in Note 2 to the Accountants' Report in Appendix I of this Document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. See Note 3 to the Accountants' Report in Appendix I of this Document for details. 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.

RESULTS OF OPERATIONS

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

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Revenue	**6,754,241**	**100.0**	**8,172,486**	**100.0**	**9,402,840**	**100.0**
Cost of sales	**(5,095,399)**	**(75.4)**	**(6,147,082)**	**(75.2)**	**(7,349,244)**	**(78.2)**
Gross profit	**1,658,842**	**24.6**	**2,025,404**	**24.8**	**2,053,596**	**21.8**
Other income and net gains	380,272	5.6	161,278	2.0	161,194	1.7
Research and development expenses	(770,574)	(11.4)	(984,042)	(12.0)	(1,122,337)	(11.9)
Selling and marketing expenses	(310,028)	(4.6)	(368,965)	(4.5)	(413,684)	(4.4)
Administrative expenses	(245,600)	(3.6)	(293,561)	(3.6)	(382,673)	(4.1)
Impairment losses on receivables and contract assets	(12,848)	(0.2)	(16,306)	(0.2)	(17,836)	(0.2)
Impairment losses on goodwill	(25,039)	(0.4)	(11,624)	(0.1)	(24,365)	(0.3)
Impairment losses on investments in an associate	–	–	–	–	(2,159)	(0.0)
Profit from operations	**675,025**	**10.0**	**512,184**	**6.3**	**251,736**	**2.7**
Finance costs	(36,328)	(0.5)	(51,244)	(0.6)	(32,881)	(0.3)
Share of (losses)/profits of associates	(1,785)	(0.0)	(7,072)	(0.1)	960	0.0
Profit before taxation	**636,912**	**9.4**	**453,868**	**5.6**	**219,815**	**2.3**
Income tax (expense)/credit	(11,801)	(0.2)	4,823	0.1	(22,738)	(0.2)
Profit for the year	**625,111**	**9.3**	**458,691**	**5.6**	**197,077**	**2.1**
Attributable to:						
Equity shareholders of the Company	629,322	9.4	436,122	5.3	145,752	1.6
Non-controlling interests	(4,211)	(0.1)	22,569	0.3	51,325	0.5
Profit for the year	**625,111**	**9.3**	**458,691**	**5.6**	**197,077**	**2.1**

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue

In 2023, 2024 and 2025, our total revenue amounted to RMB6,754.2 million, RMB8,172.5 million and RMB9,402.8 million, respectively. Our revenue increased by 21.0% from 2023 to 2024 and further increased by 15.1% from 2024 to 2025, primarily driven by the continued expansion of our business.

During the Track Record Period, our overseas revenue increased from RMB1,902.2 million in 2023 to RMB2,645.0 million in 2024 and further to RMB2,733.3 million in 2025, accounting for 28.2%, 32.4% and 29.1% of our total revenue in the respective years. Such growth was primarily attributable to our long-term overseas expansion strategy, increasing demand from international customers across multiple business segments, and the speed-up implementation of our global *R&D + manufacturing + sales* strategy.

Disaggregation of Revenue from Contracts with Customers by Major Products and Services

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Power Supplies	2,121,965	31.4	2,353,307	28.8	2,680,005	28.5
New Energy Transportation	710,248	10.5	548,724	6.7	1,144,891	12.2
Industrial Automation	584,126	8.6	627,031	7.7	876,920	9.3
Smart Home Appliances	2,619,071	38.8	3,737,942	45.7	3,558,978	37.9
Intelligent Equipment	365,889	5.4	462,443	5.7	605,284	6.4
Precision Connectivity and Magnetic Components	315,552	4.7	381,067	4.7	449,088	4.8
Others(1)	37,390	0.6	61,972	0.7	87,674	0.9
Total	**6,754,241**	**100.0**	**8,172,486**	**100.0**	**9,402,840**	**100.0**

Note:

(1) primarily include research and development services, rental services, and tooling fixtures and test molds.

During the Track Record Period, our revenue increased from RMB6,754.2 million in 2023 to RMB8,172.5 million in 2024 and further to RMB9,402.8 million in 2025, representing year-on-year growth of 21.0% and 15.1%, respectively.

- *Revenue from power supplies* increased steadily from RMB2,122.0 million in 2023 to RMB2,353.3 million in 2024 and further to RMB2,680.0 million in 2025, representing 31.4%, 28.8% and 28.5% of our total revenue, respectively. Our power supplies business primarily comprises network power products, including communications and data center power supplies, core components for energy storage and charging station applications, as well as medical power supplies, utility power supplies, industrial enclosed power supplies, display power supplies (including commercial display power supplies and LED power supplies), and office automation and personal computer power supplies. Our power supplies business is supported by our power electronics technologies, which has been continuously refined through years of serving diverse application scenarios. Such accumulated experience and honed technologies have provided us a solid foundation to capture emerging opportunity and strategically expand business focus toward higher-value and higher-margin products, including AIDC power supplies.

- *Revenue from new energy transportation* decreased from RMB710.2 million in 2023 to RMB548.7 million in 2024, and increased to RMB1,144.9 million in 2025, representing 10.5%, 6.7% and 12.2% of our total revenue, respectively. We focus on three major business areas, namely automotive power management, thermal management, and electric powertrain. Our main products for the new energy transportation segment include multi-in-one electric control systems and integrated power supply solutions, electric compressors, heaters, integrated thermal management modules, hydraulic servo systems, and distributed electric drive systems.

- *Revenue from industrial automation* increased from RMB584.1 million in 2023 to RMB627.0 million in 2024 and further to RMB876.9 million in 2025, representing 8.6%, 7.7% and 9.3% of our total revenue, respectively. We provide core components for industrial manufacturers, and our industrial automation products primarily include industrial drive systems and automation control systems.

- *Revenue from smart home appliances* increased from RMB2,619.1 million in 2023 to RMB3,737.9 million in 2024, and slightly decreased to RMB3,559.0 million in 2025, representing 38.8%, 45.7% and 37.9% of our total revenue, respectively. Our smart home appliances business mainly covers three strategic product lines, including power and environmental control controllers for small-to-medium power variable frequency home appliances, drive and control system controllers designed for air-source medium-to-large power heating, ventilation, and air conditioning, new energy heat pumps, and smart sanitary products and components. During the Track Record Period, revenues generated from our smart home appliances segment contributed an important portion of our total revenue, and served as a successful technology transformation outcome.

- *Revenue from intelligent equipment* increased from RMB365.9 million in 2023 to RMB462.4 million in 2024 and further to RMB605.3 million in 2025, representing 5.4%, 5.7% and 6.4% of our total revenue, respectively. Our intelligent equipment products primarily include products such as intelligent digital welding machines, and intelligent oil production system.

- *Revenue from precision connectivity and magnetic components* increased from RMB315.6 million in 2023 to RMB381.1 million in 2024 and further to RMB449.1 million in 2025, representing 4.7%, 4.7% and 4.8% of our total revenue, respectively. Our precision connectivity and magnetic components business primarily offers products including shaped electromagnetic wires, coaxial cables, ultra-fine wires, flexible flat cable, and flexible printed circuit products.

Disaggregation of Revenue Based on Geographical Locations

The geographical location of customers is based on the location to which the invoices were issued. During the Track Record Period, we made sales to regions within and outside Chinese Mainland. In 2023, 2024 and 2025, our revenue generated from customers in Chinese Mainland accounted for 71.8%, 67.6% and 70.9% of our total revenue, respectively, and the revenue generated from the overseas markets also show an upward trend in general. The following table sets forth a breakdown of our revenue by geographic market and the corresponding percentages for the years indicated:

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland	4,852,028	71.8	5,527,519	67.6	6,669,550	70.9
Overseas	1,902,213	28.2	2,644,967	32.4	2,733,290	29.1
– India	1,245,258	18.4	1,831,547	22.4	1,587,091	16.9
– Other countries/regions[(1)]	656,955	9.8	813,420	10.0	1,146,199	12.2
Total	**6,754,241**	**100.0**	**8,172,486**	**100.0**	**9,402,840**	**100.0**

Note:

(1) primarily include certain other countries and regions in Asia, North America and Europe. None of the single country contributed more than 5.0% of our total revenue for the respective year during the Track Record Period.

Cost of Sales

In 2023, 2024 and 2025, our cost of sales amounted to RMB5,095.4 million, RMB6,147.1 million and RMB7,349.2 million, respectively, representing 75.4%, 75.2% and 78.2% of our total revenue, respectively. The cost of sales for each of our business segments is therefore largely affected by revenue generated in the respective year.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Power Supplies	1,616,511	31.7	1,763,332	28.8	2,087,450	28.3
New Energy Transportation	551,065	10.8	433,229	7.0	981,444	13.4
Industrial Automation	398,591	7.8	441,092	7.2	638,557	8.7
Smart Home Appliances	1,955,809	38.4	2,817,540	45.8	2,775,096	37.8
Intelligent Equipment	263,676	5.2	290,198	4.7	378,350	5.1
Precision Connectivity and Magnetic Components	293,558	5.8	363,600	5.9	430,252	5.9
Others	16,189	0.3	38,091	0.6	58,095	0.8
Total	**5,095,399**	**100.0**	**6,147,082**	**100.0**	**7,349,244**	**100.0**

Our cost of sales primarily consisted of (i) raw material costs, representing the costs of raw materials and components directly used in production; (ii) labor costs, representing salaries, bonuses, social insurance and other employee benefit expenses for personnel directly involved in production activities; (iii) manufacturing costs, representing indirect labor costs (i.e., salaries and compensation of personnel involved in manufacturing but not directly engaged in production), consumables and auxiliary materials, depreciation and amortization of production equipment and facilities, utilities, depreciation of right-of-use asset, testing and quality control expenses and other indirect production-related expenses. The following table sets forth a breakdown of our cost of sales by nature for the years indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw material costs	4,255,279	83.5	5,096,351	82.9	5,901,717	80.3
Labor costs	176,155	3.5	208,199	3.4	321,908	4.4
Manufacturing costs and others(1)	653,382	12.8	810,588	13.2	1,083,417	14.7
Write-down of inventories	10,583	0.2	31,944	0.5	42,202	0.6
Total	**5,095,399**	**100.0**	**6,147,082**	**100.0**	**7,349,244**	**100.0**

Note:

(1) "Others" primarily include warranty costs and transportation costs.

During the Track Record Period, raw material costs represented the largest component of our cost of sales, with increases broadly in line with our revenue growth. Manufacturing costs also increased during the Track Record Period, primarily attributable to our continued investments in production capacity expansion.

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit (GP) was RMB1,658.8 million, RMB2,025.4 million and RMB2,053.6 million, respectively, with a gross profit margin (GPM) of 24.6%, 24.8% and 21.8% for the respective years. The following table sets forth a breakdown of our gross profit and gross margin by our major business segments for the years indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	GP	GPM	GP	GPM	GP	GPM
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Power Supplies	505,454	23.8	589,975	25.1	592,555	22.1
New Energy Transportation	159,183	22.4	115,495	21.0	163,447	14.3
Industrial Automation	185,535	31.8	185,939	29.7	238,363	27.2
Smart Home Appliances	663,262	25.3	920,402	24.6	783,882	22.0
Intelligent Equipment	102,213	27.9	172,245	37.2	226,934	37.5
Precision Connectivity and Magnetic Components	21,994	7.0	17,467	4.6	18,836	4.2
Others	21,201	56.7	23,881	38.5	29,579	33.7
Total	**1,658,842**	**24.6**	**2,025,404**	**24.8**	**2,053,596**	**21.8**

Other Income and Net Gains

Our other income and net gains primarily consisted of (i) finance income; (ii) government grants, (iii) net gain/(loss) on financial assets measured at fair value through profit or loss ("**FVPL**") - equity securities; (iv) net (loss)/gain on financial assets measured at FVPL – wealth management products; and (v) net foreign exchange gains/(losses). Government grants primarily represent various forms of incentives and subsidies granted to us by the local government authorities in the Chinese Mainland, which are non-recurring in nature.

In 2023, 2024 and 2025, our other income and net gains were RMB380.3 million, RMB161.3 million and RMB161.2 million, respectively, representing 5.6%, 2.0% and 1.7% of our total revenue, respectively. The following table sets forth a breakdown of our other income and net gains both in absolute amount and as a percentage of our total other income and net gains for the years indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Other Income	**104,209**	**27.4**	**164,283**	**101.9**	**122,081**	**75.7**
Finance income	18,467	4.9	31,043	19.2	55,862	34.7
Government grants	59,238	15.6	72,612	45.0	61,084	37.9
Additional deduction for VAT	24,945	6.6	59,371	36.8	4,902	3.0
Dividend income from financial assets measured at FVPL – equity securities	1,559	0.4	1,257	0.8	233	0.1
Other Net Gains	**276,063**	**72.6**	**(3,005)**	**(1.9)**	**39,113**	**24.3**
Net gain/(loss) on financial assets measured at FVPL – equity securities	276,190	72.6	(15,347)	(9.5)	86,327	53.6
Net (loss)/gain on financial assets measured at FVPL – wealth management products	(558)	(0.1)	7,823	4.9	5,264	3.3
Gain/(loss) on disposal of an associate	–	–	2,241	1.4	(68)	(0.0)
Net loss on discounted notes	(8,574)	(2.3)	(3,371)	(2.1)	(579)	(0.4)
Gain from business acquisition costs adjustment	–	–	20,393	12.6	–	–
Loss on disposal of property, plant and equipment and right-of-use assets	(935)	(0.2)	(1,533)	(1.0)	(8,006)	(5.0)
Net foreign exchange gains/(losses)	1,492	0.4	(15,208)	(9.4)	(45,529)	(28.2)
Others	8,448	2.2	1,997	1.2	1,704	1.1
Total	**380,272**	**100.0**	**161,278**	**100.0**	**161,194**	**100.0**

Research and Development Expenses

Our research and development expenses consisted primarily of (i) employee salaries, (ii) material and consumable expenses, (iii) depreciation and amortization expenses, (iv) rental and property management expenses, (v) professional technology service fees and (vi) others. In 2023, 2024 and 2025, our research and development expenses were RMB770.6 million, RMB984.0 million and RMB1,122.3 million, respectively, representing 11.4%, 12.0% and 11.9% of our total revenue, respectively. The following table sets forth a breakdown both in absolute amount and as a percentage of our total research and development expenses for the years indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee salaries[(1)]	539,071	70.0	689,276	70.0	747,425	66.6
Material and consumable expenses	99,980	13.0	123,221	12.5	172,300	15.4
Depreciation and amortization expenses	47,451	6.2	71,339	7.2	85,174	7.6
Rental and property management expenses	21,779	2.8	23,952	2.4	26,245	2.3
Professional technology service fees	23,122	3.0	32,559	3.3	42,581	3.8
Others[(2)]	39,171	5.0	43,695	4.6	48,612	4.3
Total	**770,574**	**100.0**	**984,042**	**100.0**	**1,122,337**	**100.0**

Notes:

(1) primarily include (i) wages, salaries and bonuses; (ii) share-based payment expenses; (iii) contributions to defined contribution retirement plans, housing funds, medical insurances and other social insurances; and (iv) other employee benefit expenses.

(2) primarily include office-related expenses and travel and transportation expenses.

Selling and Marketing Expenses

Our selling and marketing expenses consisted primarily of (i) employee salaries, (ii) marketing promotion expenses, (iii) professional service fees, (iv) travel and transportation expenses, and (v) business development expenses. In 2023, 2024 and 2025, our selling and marketing expenses were RMB310.0 million, RMB369.0 million and RMB413.7 million, respectively, representing 4.6%, 4.5% and 4.4% of our total revenue, respectively. The following table sets forth a breakdown of our selling and marketing expenses both in absolute amount and as a percentage of our total selling and marketing expenses for the years indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee salaries[1]	160,396	51.7	206,923	56.1	220,145	53.2
Marketing promotion expenses	32,519	10.5	37,951	10.3	45,505	11.0
Professional service fees	31,806	10.3	30,272	8.2	41,897	10.1
Travel and transportation expenses	27,663	8.9	34,620	9.4	38,756	9.4
Business development expenses	22,110	7.1	24,401	6.6	29,221	7.1
Rental and property management	5,103	1.6	5,648	1.5	11,729	2.8
Office-related expenses	14,944	4.8	11,687	3.2	11,203	2.7
Depreciation and amortization expenses	2,720	0.9	3,443	0.9	4,608	1.1
Others	12,767	4.2	14,020	3.8	10,620	2.6
Total	**310,028**	**100.0**	**368,965**	**100.0**	**413,684**	**100.0**

Note:

(1) primarily include (i) wages, salaries and bonuses; (ii) share-based payment expenses, (iii) contributions to defined contribution retirement plans, housing funds, medical insurances and other social insurances; and (iv) other employee benefit expenses.

Administrative Expenses

Our administrative expenses consisted primarily of (i) employee salaries, (ii) taxes and surcharges, (iii) office-related expenses, and (iv) depreciation and amortization expenses. In 2023, 2024 and 2025, our administrative expenses were RMB245.6 million, RMB293.6 million and RMB382.7 million, respectively, representing 3.6%, 3.6% and 4.1% of our total revenue, respectively. The following table sets forth a breakdown of our administrative expenses for the years indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee salaries[1]	124,727	50.8	143,592	48.9	182,942	47.8
Taxes and surcharges	36,424	14.8	45,634	15.5	55,377	14.5
Office-related expenses	36,025	14.7	42,476	14.5	48,780	12.7
Depreciation and amortization expenses	17,208	7.0	19,606	6.7	35,713	9.3
Professional service fees	13,620	5.5	12,903	4.4	19,632	5.1
Travel and transportation expenses	6,250	2.5	6,856	2.3	8,665	2.3
Rental and property management expenses	4,700	1.9	8,415	2.9	7,263	1.9
Others	6,646	2.8	14,079	4.8	24,301	6.4
Total	**245,600**	**100.0**	**293,561**	**100.0**	**382,673**	**100.0**

Note:

(1) primarily include (i) wages, salaries and bonuses; (ii) share-based payment expenses, (iii) contributions to defined contribution retirement plans, housing funds, medical insurances and other social insurances; and (iv) other employee benefit expenses.

Impairment Losses on Receivables and Contract assets

Impairment losses on receivables and contract assets primarily represented impairment losses on (i) trade and bills receivables, (ii) debt instruments measured at fair value through other comprehensive income ("**FVOCI**"), (iii) other receivables, and (iv) contract assets. In 2023, 2024 and 2025, our impairment losses on receivables and contract assets were RMB12.8 million, RMB16.3 million and RMB17.8 million, respectively. The following table sets forth a breakdown both in absolute amount and as a percentage of our total impairment losses on receivables and contract assets for the years indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Trade and bills receivables	10,926	85.1	15,060	92.3	17,038	95.5
Debt instruments measured at FVOCI	365	2.8	62	0.4	(59)	(0.3)
Other receivables	287	2.2	(70)	(0.4)	206	1.2
Contract assets	1,270	9.9	1,254	7.7	651	3.6
Total	**12,848**	**100.0**	**16,306**	**100.0**	**17,836**	**100.0**

Impairment Losses on Goodwill

Our impairment losses on goodwill represented impairment losses arising from goodwill recognized on acquisition of businesses, which is measured at cost less accumulated impairment losses and tested annually for impairment. In 2023, 2024 and 2025, our impairment losses on goodwill were RMB25.0 million, RMB11.6 million and RMB24.4 million, respectively.

Finance Costs

Our finance costs primarily consisted of (i) net interest on bank loans and other borrowings, and (ii) interest on lease liabilities. In 2023, 2024 and 2025, our finance costs were RMB36.3 million, RMB51.2 million and RMB32.9 million, respectively. The following table sets forth a breakdown of our finance costs, net in absolute amount of our total finance costs for the years indicated.

	For the Years Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net interest on bank loans and other borrowings	60,762	77,968	27,772
Less: interest expenses capitalized into properties under development	(31,266)	(32,407)	–
Interest on lease liabilities	6,832	5,683	5,109
Total	**36,328**	**51,244**	**32,881**

Share of (Losses)/Profits of Associates

Our share of losses/profits of associates represents our investment gains or losses from equity investments in our associates. In 2023 and 2024, our share of losses of associates were RMB1.8 million and RMB7.1 million, respectively. In 2025, our share of profits of associates was RMB1.0 million.

Income Tax (Expense)/Credit

For tax rates in the jurisdictions in which we operate, see Note 8(b) of Appendix I – Accountants' Report to this Document.

Our income tax expense primarily consisted of current income tax and deferred income tax. In 2023, 2024 and 2025, we recorded income tax expense of RMB11.8 million, income tax credit of RMB4.8 million and income tax expense of RMB22.7 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities, and we did not have any outstanding or potential disputes with such tax authorities.

Profit for the Year

As a result of the foregoing, we recorded a profit of RMB625.1 million, RMB458.7 million and RMB197.1 million in 2023, 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Revenue by business segments. Our revenue increased by 15.1% from RMB8,172.5 million in 2024 to RMB9,402.8 million in 2025, attributable to the revenue increase for most of our business segments, which in turn was primarily driven by optimization of products and customer diversity, and the expansion and deepened penetration of overseas markets.

- *Revenue from power supplies* increased by 13.9% from RMB2,353.3 million in 2024 to RMB2,680.0 million in 2025, in line with the continued business expansion of this segment.

- *Revenue from new energy transportation* increased by 108.7% from RMB548.7 million in 2024 to RMB1,144.9 million in 2025, primarily driven by commencement of mass production and delivery stage for newly engaged customers, particularly for one of our five largest customers in 2025.

- *Revenue from industrial automation* increased by 39.9% from RMB627.0 million in 2024 to RMB876.9 million in 2025, primarily attributable to business expansion of this segment with deepened penetration into various industries and new products launch.

- *Revenue from smart home appliances* decreased by 4.8% from RMB3,737.9 million in 2024 to RMB3,559.0 million in 2025, primarily due to (i) demand fluctuations in the Indian market and a high comparison base in 2024, and (ii) demand slowdown and intensified competition in the domestic market.

- *Revenue from intelligent equipment* increased by 30.9% from RMB462.4 million in 2024 to RMB605.3 million in 2025, primarily driven by (i) increase in market demand for intelligent digital welding machines and intelligent oil production system, and (ii) enlargement of batch delivery of laser welding machines.

- *Revenue from precision connectivity and magnetic components* increased by 17.8% from RMB381.1 million in 2024 to RMB449.1 million in 2025, primarily driven by continued optimization of product and customer diversity.

Revenue by geographical region. During the Track Record, we primarily generated revenue from Chinese Mainland, with a significant expansion into our overseas markets.

- *Revenue from Chinese Mainland* increased by 20.7% from RMB5,527.5 million in 2024 to RMB6,669.6 million in 2025, primarily driven by continued expansion of our power supplies, new energy transportation and industrial automation segments.

- *Revenue from overseas.* Our revenue from sales from overseas markets increased by 3.3% from RMB2,645.0 million in 2024 to RMB2,733.3 million in 2025. The revenue in the Indian market decreased by 13.3% from RMB1,831.5 million in 2024 to RMB1,587.1 million in 2025, primarily due to slowdown in demand for air-conditioners resulting from weather conditions. Meanwhile, our revenues from other overseas markets increased by 40.9% from RMB813.4 million in 2024 to RMB1,146.1 million in 2025, driven by increasing demand from international customers across multiple business segments and our continued overseas market expansion.

Cost of Sales

Our cost of sales increased by 19.6% from RMB6,147.1 million in 2024 to RMB7,349.2 million in 2025, generally in line with our business expansion.

Gross Profit and Gross Profit Margin

Our total gross profit increased by 1.4% from RMB2,025.4 million in 2024 to RMB2,053.6 million in 2025. Our gross profit margin decreased from 24.8% in 2024 to 21.8% in 2025, primarily due to (i) pricing pressure amid intensified market competition; (ii) increased raw material costs and labor costs; and (iii) products portfolio with relatively lower gross profit margin. In particular, gross profit margin of our new energy transportation segment decreased from 21.0% in 2024 to 14.3% in 2025, primarily due to intensified competition in downstream domestic new energy vehicle industry, which led to margin compression for our products.

Other Income and Net Gains

Our other income and net gains remained relatively stable at around RMB161.3 million in 2024 and RMB161.2 million in 2025.

Research and Development Expenses

Our research and development expenses increased by 14.1% from RMB984.0 million in 2024 to RMB1,122.3 million in 2025, primarily due to (i) an increase in employee salaries from RMB689.3 million to RMB747.4 million, driven by the expansion of our R&D headcount and (ii) an increase from RMB123.2 million to RMB172.3 million in material and consumable expenses, to support our strategic R&D initiatives for development of new products.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 12.1% from RMB369.0 million in 2024 to RMB413.7 million in 2025, primarily due to (i) an increase in employee salaries from RMB206.9 million to RMB220.1 million, driven by the expansion of our sales team and business operations, and (ii) higher marketing promotion expenses from RMB38.0 million to RMB45.5 million and professional service fees from RMB30.3 million to RMB41.9 million in connection with our continued market expansion and customer development activities.

Administrative Expenses

Our administrative expenses increased by 30.4% from RMB293.6 million in 2024 to RMB382.7 million in 2025, primarily due to (i) an increase in depreciation and amortization expenses from RMB19.6 million to RMB35.7 million associated with our continued procurement of facilities and equipment, and (ii) an increase in employee salaries from RMB143.6 million to RMB182.9 million driven by the expansion of our business operations.

Impairment Losses on Receivables and Contract Assets

Our impairment losses on receivables and contract assets increased by 9.2% from RMB16.3 million in 2024 to RMB17.8 million in 2025, which remained relatively stable.

Impairment Losses on Goodwill

Our impairment losses on goodwill were RMB11.6 million in 2024 and RMB24.4 million in 2025, respectively, primarily due to an increase in impairment losses of cash-generating units ("**CGUs**") following individual impairment assessment conducted during the year. See Note 16 to the Accountants' Report in Appendix I of this Document.

Impairment Losses on an Investment in an Associate

Our impairment losses on an investment in an associate expenses increased from nil in 2024 to RMB2.2 million in 2025, primarily due to an impairment made for our investment in one of the associates.

Finance Costs

Our finance costs decreased by 35.7% from RMB51.2 million in 2024 to RMB32.9 million in 2025, primarily due to decrease in net interest expenses on bank loans and other borrowings from RMB78.0 million in 2024 to RMB27.8 million in 2025.

Share of (Losses)/Profits of Associates

In 2024, we recorded share of losses of associates of RMB7.1 million, while in 2025, we recorded share of profits of associates of RMB1.0 million. Such turnaround was primarily attributable to increased investment gains from some associates benefiting from their operation profits.

Income Tax (Expense)/Credit

In 2024, we recorded income tax credit of RMB4.8 million, while in 2025, we recorded income tax expenses of RMB22.7 million, primarily due to a net reduction in deferred tax benefits from the reversal of temporary differences, as compared to a higher level of deferred tax asset recognition in 2024.

Profit for the Year

As a result of the foregoing, the recorded profit for the year decreased by 57.0% from RMB458.7 million in 2024 to RMB197.1 million in 2025. Our net profit margin decreased from 5.6% in 2024 to 2.1% in 2025, primarily due to our continuous extensive research and development expenses for our technology initiatives.

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

Revenue

Our revenue increased by 21.0% from RMB6,754.2 million in 2023 to RMB8,172.5 million in 2024, primarily driven by strong growth of our smart home appliances segment, supported by increasing domestic and overseas demand for intelligent and energy-efficient appliances, our continued overseas market expansion and gradual commercialization of projects across multiple business segments.

Based on business line:

- *Revenue from power supplies* increased by 10.9% from RMB2,122.0 million in 2023 to RMB2,353.3 million in 2024, primarily driven by continued growth across commercial display, energy storage and network power product.

- *Revenue from new energy transportation* decreased by 22.7% from RMB710.2 million in 2023 to RMB548.7 million in 2024, primarily because the newly secured projects with high upfront investment remained in the development and testing stages.

- *Revenue from industrial automation* increased by 7.3% from RMB584.1 million in 2023 to RMB627.0 million in 2024, primarily driven by the expansion of our product portfolio.

- *Revenue from smart home appliances* increased by 42.7% from RMB2,619.1 million in 2023 to RMB3,737.9 million in 2024, primarily driven by (i) increased overseas demand for our air conditioning controller in the Indian market due to weather conditions, and (ii) expansion and deepened penetration into the other markets.

- *Revenue from intelligent equipment* increased by 26.4% from RMB365.9 million in 2023 to RMB462.4 million in 2024, primarily driven by the increase in market demand for intelligent digital welding machines, and intelligent oil production system.

- *Revenue from precision connectivity and magnetic components* increased by 20.8% from RMB315.6 million in 2023 to RMB381.1 million in 2024, primarily driven by increased customer demand for our products.

Based on geographical location:

- *Revenue from Chinese Mainland* increased by 13.9% from RMB4,852.0 million in 2023 to RMB5,527.5 million in 2024, primarily driven by continued growth of increased domestic demand for intelligent and energy efficient power electronics technology solutions.

- *Revenue from overseas* increased by 39.0% from RMB1,902.2 million in 2023 to RMB2,645.0 million in 2024, primarily driven by (i) strong growth across the Indian market, reflecting our expanding customer coverage to accommodate to remarkable demand for our inverter home appliances; and (ii) solid growth in other overseas markets, reflecting the implementation of our long-term overseas expansion strategy for continued enhancement of our global presence.

Cost of Sales

Our cost of sales increased by 20.6% from RMB5,095.4 million in 2023 to RMB6,147.1 million in 2024, in line with our business expansion and revenue growth.

Gross Profit and Gross Profit Margin

Our total gross profit increased by 22.1% from RMB1,658.8 million in 2023 to RMB2,025.4 million in 2024, which is in line with our revenue growth. Our gross profit margin remained relatively stable, with a slight increase from 24.6% in 2023 to 24.8% in 2024.

Other Income and Net Gains

Our other income and net gains decreased by 57.6% from RMB380.3 million in 2023 to RMB161.3 million in 2024, primarily due to a substantial decrease in net fair value changes of equity securities from positive RMB276.2 million in 2023 to negative RMB15.3 million in 2024, reflecting decrease in valuation of equity interests held in investee companies from a high base in 2023.

Research and Development Expenses

Our research and development expenses increased by 27.7% from RMB770.6 million in 2023 to RMB984.0 million in 2024, primarily due to an increase in employee salaries from RMB539.1 million to RMB689.3 million as a result of the expansion of our R&D headcount and our continued investment in R&D activities.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 19.0% from RMB310.0 million in 2023 to RMB369.0 million in 2024, primarily due to an increase in employee salaries from RMB160.4 million to RMB206.9 million as a result of the expansion of our sales team and business scale.

Administrative Expenses

Our administrative expenses increased by 19.5% from RMB245.6 million in 2023 to RMB293.6 million in 2024, primarily due to increases in (i) employee salaries from RMB124.7 million to RMB143.6 million and (ii) higher taxes and surcharges from RMB36.4 million to RMB45.6 million as a result of the expansion of our business scale in line with our business growth.

Impairment Losses on Receivables and Contract Assets

Our impairment losses on receivables and contract assets increased by 27.3% from RMB12.8 million in 2023 to RMB16.3 million in 2024, primarily due to an increase in impairment losses on trade and bills receivables from RMB10.9 million to RMB15.1 million.

Impairment Losses on Goodwill

Our impairment losses on goodwill were RMB25.0 million in 2023 and RMB11.6 million in 2024, primarily due to a reduction in impairment losses of CGUs following individual impairment assessment conducted during the year.

Finance Costs

Our finance costs increased by 41.0% from RMB36.3 million in 2023 to RMB51.2 million in 2024, primarily due to an increase in net interest on bank loans and other borrowings from RMB60.8 million to RMB78.0 million, in line with our expanded financing scale.

Share of (Losses)/Profits of Associates

We recorded share of losses of associates of RMB1.8 million and RMB7.1 million in 2023 and 2024, respectively, primarily due to the losses of some associates resulting from their operation performances.

Income Tax (Expense)/Credit

In 2023, we recorded income tax expense of RMB11.8 million, while we recorded income tax credit of RMB4.8 million in 2024. Despite the growth in our profit before taxation, the decrease in income tax expense was primarily attributable to an increase in the additional tax deduction for research and development expenses.

Profit for the Year

As a result of the foregoing, the recorded profit for the year decreased by 26.6% from RMB625.1 million in 2023 to RMB458.7 million in 2024. Our net profit margin decreased from 9.3% in 2023 to 5.6% in 2024, primarily driven by a decline in other income and net gains, which reflected lower financial assets measured at fair value through profit or loss primarily driven by the disposal of listed equity securities, as well as increased research and development expenses in connection with our ongoing technology development initiatives.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets:			
Property, plant and equipment	1,850,873	2,411,707	2,888,777
Right-of-use assets	392,893	344,029	373,714
Investment properties	81,286	84,596	100,079
Intangible assets	25,639	27,104	33,422
Goodwill	73,465	61,841	37,476
Financial assets measured at FVPL	850,778	903,749	1,063,470
Interests in associates	181,732	211,924	297,811
Prepayments and other receivables	101,059	70,242	217,524
Deferred tax assets	93,626	186,470	266,691
Deposit certificates	321,001	241,524	20,988
Total non-current assets	**3,972,352**	**4,543,186**	**5,299,952**
Current assets:			
Inventories and other contract costs	1,917,671	2,416,000	2,774,715
Debt instruments measured at FVOCI	352,826	231,371	322,161
Trade and bills receivables	2,340,771	2,731,609	2,944,053
Prepayments and other receivables	173,253	205,835	286,738
Contract assets	23,683	22,992	41,500
Financial assets measured at FVPL	737,351	179,875	815,790
Deposit certificates	–	353,467	227,731
Restricted bank deposits	752	201	3,670
Cash and cash equivalents	594,756	1,301,054	828,780
Total current assets	**6,141,063**	**7,442,404**	**8,245,138**

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities:			
Contract liabilities	53,807	64,809	92,978
Trade and bills payables	3,272,757	3,722,133	4,414,036
Accrued expenses and other payables	424,612	516,531	516,063
Bank loans and other borrowings	343,865	1,112,786	993,478
Lease liabilities	48,004	43,347	45,489
Current taxation	38,716	44,367	31,672
Total current liabilities	**4,181,761**	**5,503,973**	**6,093,716**
Net current assets	**1,959,302**	**1,938,431**	**2,151,422**
Total assets less current liabilities	**5,931,654**	**6,481,617**	**7,451,374**
Non-current liabilities:			
Bank loans and other borrowings	1,252,760	243,300	928,604
Other payables	15,090	33,152	56,528
Lease liabilities	99,718	65,820	72,607
Deferred tax liabilities	8,389	–	–
Deferred income	15,187	24,182	42,628
Total non-current liabilities	**1,391,144**	**366,454**	**1,100,367**
Net Assets	**4,540,510**	**6,115,163**	**6,351,007**

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) freehold land, (ii) buildings and structures, (iii) plant and machinery, (iv) transportation equipment, (v) electronic equipment, (vi) office equipment and others, (vii) molds, (viii) construction in progress, and (ix) leasehold improvements. Our property, plant and equipment increased from RMB1,850.9 million as of December 31, 2023 to RMB2,411.7 million as of December 31, 2024 and further increased to RMB2,888.8 million as of December 31, 2025, primarily due to continued increase of (i) buildings and structures from RMB686.0 million to RMB1,041.1 million, and further to RMB1,504.4 million because we completed the construction of production bases in Hangzhou and Zhuzhou, and R&D center in Changsha; (ii) plant and machinery from RMB382.9 million to RMB449.7 million, and further to RMB595.3 million because we procured and installed relevant machinery and equipment for our production bases; and (iii) electronic equipment from RMB112.0 million to RMB155.3 million, and further to RMB193.2 million, reflecting the increased procurement for R&D initiatives.

Right-of-use Assets

Our right-of-use assets primarily consisted of land use rights and leased buildings. Our right-of-use assets decreased from RMB392.9 million as of December 31, 2023 to RMB344.0 million as of December 31, 2024, primarily due to depreciation charges on existing land use rights and leased buildings exceeding new lease additions during the year. Our right-of-use assets increased from RMB344.0 million as of December 31, 2024 to RMB373.7 million as of December 31, 2025, primarily due to the recognition of new leases for R&D and office premises, including the expansion of our Shenzhen R&D center, as well as an increase in land use rights associated with our continued expansion of production facilities.

Investment Properties

Our investment properties primarily related to buildings held for rental income purposes. Our investment properties increased from RMB81.3 million as of December 31, 2023 to RMB84.6 million as of December 31, 2024, and further increased to RMB100.1 million as of December 31, 2025, primarily due to some self-owned buildings were made available for external leasing.

Intangible Assets

Our intangible assets primarily included (i) software and (ii) patents and non-patented technology. Our intangible assets increased from RMB25.6 million as of December 31, 2023 to RMB27.1 million as of December 31, 2024, and further increased to RMB33.4 million as of December 31, 2025, primarily due to the addition of new software licenses for R&D initiatives and digitalization of our operation.

Goodwill

Our goodwill arose on business mergers and is measured at cost, less accumulated impairment losses. We assess whether goodwill is impaired at least once annually. Impairment testing involves estimating the value in use of the CGUs to which goodwill has been allocated. This process requires us to estimate future cash flows expected to be derived from the CGUs and to apply an appropriate discount rate to determine the present value of those cash flows. Our goodwill decreased from RMB73.5 million as of December 31, 2023 to RMB61.8 million as of December 31, 2024, and further decreased to RMB37.5 million as of December 31, 2025, primarily due to impairment losses recognized in respect of goodwill allocated to certain CGUs. No new goodwill was recognized during the Track Record Period. See Note 16 to the Accountants' Report in Appendix I of this Document.

Financial Assets Measured at FVPL

During the Track Record Period, our financial assets measured at FVPL (including current and non-current portion) primarily represented listed and unlisted equity securities and wealth management products. Balances of these assets may fluctuate with market conditions and our investment portfolio. As of December 31, 2023, 2024 and 2025, we recorded financial assets measured at FVPL of RMB1,588.1 million, RMB1,083.6 million and RMB1,879.3 million, respectively. The decrease from 2023 to 2024 was primarily attributable to redemption of wealth management products and transfer of listed equity investments during the year. The increase from 2024 to 2025 was primarily attributable to additional investments in and fair value increment of our unlisted equity investments, as well as increased purchase of wealth management products.

We pursue a prudent treasury and cash management strategy aimed at balancing liquidity, capital preservation and reasonable investment returns. We primarily allocate surplus cash to relatively low-risk and liquid financial products, including wealth management products and deposit certificates issued by reputable financial institutions, while selectively making strategic equity investments that complement our business development and industry positioning. We also maintain access to various financing channels, including bank borrowings and bill discounting facilities, to support operational flexibility and liquidity management.

To manage market, credit and liquidity risks associated with our investment activities, we have established internal investment management policies and approval procedures governing product selection, investment limits, counterparty assessment and ongoing monitoring. Purchases and redemptions of wealth management products require approval by our head of finance. If the amount of investments exceeding the thresholds stipulated in our articles of association, the investment will be subject to further resolution by the Board of Directors or shareholders' general meeting. The investment limits are subject to the authorization scope approved by our Board of Directors or shareholders' general meeting. Our investments classified as financial assets measured at FVPL complied with Chapter 14 of the Listing Rules during the Track Record Period and up to the Latest Practicable Date, and we will continue to comply after the **[REDACTED]**.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Unlisted equity securities	850,778	903,749	1,063,470
Current			
Listed equity securities	30,898	44	–
Wealth management products	706,453	179,831	815,790
Subtotal	**737,351**	**179,875**	**815,790**
Total	**1,588,129**	**1,083,624**	**1,879,260**

Deposit Certificates

Our deposit certificates held with commercial banks increased from RMB321.0 million as of December 31, 2023 to RMB595.0 million as of December 31, 2024, and further decreased to RMB248.7 million as of December 31, 2025. Such fluctuations were primarily due to purchase and/or expiration of our certificates of deposit.

Inventories and Other Contract Costs

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	1,000,073	1,267,756	1,459,693
Work in progress	305,630	307,981	409,309
Finished goods	500,610	649,662	741,547
Goods in transit	165,260	276,151	286,935
Subtotal	**1,971,573**	**2,501,550**	**2,897,484**
Less: write-down of inventories	(54,503)	(86,447)	(124,118)
Add: Other contract costs	601	897	1,349
Total	**1,917,671**	**2,416,000**	**2,774,715**

Our inventories and other contract costs increased from RMB1,917.7 million as of December 31, 2023 to RMB2,416.0 million as of December 31, 2024, and further increased to RMB2,774.7 million as of December 31, 2025, in line with the expansion of our business scale across multiple segments.

The following table sets forth our inventories and other contract costs turnover days for the years indicated.

	As of December 31,		
	2023	**2024**	**2025**
Inventories and other contract costs turnover days[(1)]	137	129	129

Note:

(1) We calculate inventories and other contract costs turnover days using the average of the beginning and ending balances of total inventories and other contract costs for a period, divided by the corresponding total cost of sales for the same period, multiplied by the number of days in such period, which is 365 days for each year.

Our inventories and other contract costs turnover days were 137 days, 129 days and 129 days in 2023, 2024 and 2025. The decrease during the Track Record Period was primarily due to optimization of our inventory management.

As of April 30, 2026, RMB2,726.3 million, or 94.0% of our inventories and other contract costs as of December 31, 2025 had been subsequently utilized.

Trade and Bills Receivables

Our trade receivables primarily represented the outstanding amounts due from our customers for sales of goods and rendering of services in the ordinary course of our business operations, as well as bank accepted bills. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Third parties	2,234,070	2,603,412	2,881,528
– Related parties	37,669	27,566	91,305
Less: Losses allowance	(42,604)	(54,748)	(62,012)
Total trade receivables	2,229,135	2,576,230	2,910,821
Bills receivables	112,764	156,948	33,568
Less: Losses allowance	(1,128)	(1,569)	(336)
Total bills receivables	111,636	155,379	33,232
Total	**2,340,771**	**2,731,609**	**2,944,053**

Our total trade and bills receivables increased from RMB2,340.8 million as of December 31, 2023 to RMB2,731.6 million as of December 31, 2024, further increased to RMB2,944.1 million as of December 31, 2025, primarily due to continued business expansion and revenue growth.

We generally grant credit terms of approximately 30 to 120 days. The following table sets forth the aging analysis of our trade receivables based on the invoice date as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,330,453	2,714,967	2,934,943
Over 1 year and within 2 years	37,752	43,228	34,896
Over 2 year and within 3 years	2,356	18,218	13,117
Over 3 years	13,942	11,513	23,445
Subtotal	**2,384,503**	**2,787,926**	**3,006,401**
Less: Loss allowance	(43,732)	(56,317)	(62,348)
Total	**2,340,771**	**2,731,609**	**2,944,053**

The following table sets forth our trade receivables turnover days for the years indicated.

	As of December 31,		
	2023	**2024**	**2025**
Trade receivables turnover days[(1)]	108	109	109

Note:

(1) We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period, which is 365 days for each year.

As of April 30, 2026, RMB1,539.4 million, or 51.8%, of our trade receivables as of December 31, 2025 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issues for our trade receivables.

Debt Instruments Measured at FVOCI

Our debt instruments measured at FVOCI was RMB352.8 million, RMB231.4 million and RMB322.2 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuations across the Track Record Period were primarily due to the classification of our bills.

Prepayment and Other Receivables

Our prepayment and other receivables (including current and non-current portions) primarily consisted of (i) VAT recoverable, (ii) prepayments for goods, (iii) deposits, (iv) other receivables from third parties, and (v) non-current prepayments for purchase of property, plant and equipment and right-of-use assets. The following table sets forth a breakdown of our prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Other receivables – Third parties	12,729	13,961	12,549
Less: loss allowance	(636)	(698)	(614)
VAT recoverable	69,132	112,796	156,466
Prepayments for goods	69,288	52,688	84,885
Deposits, net of allowance	14,682	13,488	15,412
Current tax assets	4,942	11,215	12,765
Others	3,116	2,385	5,275
Subtotal	**173,253**	**205,835**	**286,738**
Non-current			
Prepayment for purchase of property, plant and equipment and right-of-use assets	101,059	70,242	217,524
Total	**274,312**	**276,077**	**504,262**

Our total current prepayments and other receivables increased from RMB173.3 million as of December 31, 2023 to RMB205.8 million as of December 31, 2024, primarily due to an increase in VAT recoverable from RMB69.1 million to RMB112.8 million in line with our business expansion and increased procurement activities.

Our total current prepayments and other receivables increased from RMB205.8 million as of December 31, 2024 to RMB286.7 million as of December 31, 2025, primarily due to (i) a further increase in VAT recoverable from RMB112.8 million to RMB156.5 million reflecting continued growth in our procurement and production activities, and (ii) an increase in prepayments for goods from RMB52.7 million to RMB84.9 million in connection with some raw materials procurement.

Our non-current prepayments, representing prepayments for purchase of property, plant and equipment and right-of-use assets, decreased from RMB101.1 million as of December 31, 2023 to RMB70.2 million as of December 31, 2024, primarily because we completed inspection and acceptance of some constructions we made prepayments for. Our non-current prepayments increased from RMB70.2 million as of December 31, 2024 to RMB217.5 million as of December 31, 2025, primarily due to increased prepayments made in connection with new manufacturing facilities and equipment across multiple production bases.

Liabilities

Trade and Bills Payables

Our trade and bills payables primarily consisted of amounts payable to our suppliers for procurement of raw materials and components. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
−Third parties	2,203,676	2,833,742	3,262,015
−Related parties	6,065	7,595	5,333
Bills Payable	1,063,016	880,796	1,146,688
Total	**3,272,757**	**3,722,133**	**4,414,036**

Our trade payables increased from RMB2,209.7 million as of December 31, 2023 to RMB2,841.3 million as of December 31, 2024, and further increased to RMB3,267.3 million as of December 31, 2025, primarily due to increased procurement of raw materials and components in line with the growth in our revenue and production activities. Our bills payables decreased from RMB1,063.0 million as of December 31, 2023 to RMB880.8 million as of December 31, 2024, and increased to RMB1,146.7 million as of December 31, 2025. Such fluctuations reflected our diversified payment methods. The following table sets forth the 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	3,257,849	3,659,136	4,377,906
Over 1 year and within 2 years	11,119	20,060	30,188
Over 2 year and within 3 years	2,802	4,973	3,363
Over 3 years	987	1,964	2,579
Total	**3,272,757**	**3,722,133**	**4,414,036**

The following table sets forth our trade payables turnover days for the years indicated.

	As of December 31,		
	2023	**2024**	**2025**
Trade payables turnover days(1)	137	150	152

Note:

(1) We calculate trade payables turnover days using the average of the beginning and ending balances of total trade payables for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period, which is 365 days for each year.

Our trade payables turnover days were 137 days, 150 days and 152 days in 2023, 2024 and 2025. The increase during the Track Record Period was primarily due to our key suppliers granted us longer credit periods because of our increased procurement scale and our proactive negotiations.

As of April 30, 2026, RMB2,393 million, or 73.2%, of our trade payables as of December 31, 2025 had been subsequently settled.

Accrued Expenses and Other Payables

Our accrued expenses and other payables primarily consisted of (i) liabilities not derecognized by bill endorsement; (ii) financial liabilities measured at amortized cost; (iii) accrued payroll and other benefits; and (iv) other taxes payables. All of our accrued expenses and other payables are interest-free and unsecured and are expected to be settled within one year or repayable on demand or according to contract terms.

NET CURRENT ASSETS

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets:				
Inventories and other contract costs	1,917,671	2,416,000	2,774,715	3,230,658
Debt instruments measured at fair value through other comprehensive income ("**FVOCI**")	352,826	231,371	322,161	309,348
Trade and bills receivables	2,340,771	2,731,609	2,944,053	3,432,747
Prepayments and other receivables	173,253	205,835	286,738	442,943
Contract assets	23,683	22,992	41,500	43,163
Financial assets measured at FVPL	737,351	179,875	815,790	2,224,606
Deposit certificates	–	353,467	227,731	129,688
Restricted bank deposits	752	201	3,670	3,670
Cash and cash equivalents	594,756	1,301,054	828,780	686,952
Total current assets	6,141,063	7,442,404	8,245,138	10,503,775
Current liabilities:				
Contract liabilities	53,807	64,809	92,978	90,832
Trade and bills payables	3,272,757	3,722,133	4,414,036	5,419,335
Accrued expenses and other payables	424,612	516,531	516,063	530,222
Bank loans and other borrowings	343,865	1,112,786	993,478	632,878
Lease liabilities	48,004	43,347	45,489	48,779
Current taxation	38,716	44,367	31,672	32,916
Total current liabilities	4,181,761	5,503,973	6,093,716	6,754,962
Net current assets	1,959,302	1,938,431	2,151,422	3,748,813

Our net current assets slightly decreased from RMB1,959.3 million as of December 31, 2023 to RMB1,938.4 million as of December 31, 2024, primarily due to (i) an increase in bank loans and other borrowings of RMB768.9 million and (ii) an increase in trade and bills payables of RMB449.4 million in line with our expanded procurement scale, partially offset by (i) an increase in trade and bills receivables of RMB390.8 million driven by revenue growth, and (ii) an increase in inventories of RMB498.3 million driven by our business expansion.

Our net current assets increased from RMB1,938.4 million as of December 31, 2024 to RMB2,151.4 million as of December 31, 2025, primarily due to (i) an increase in financial assets measured at FVPL of RMB635.9 million as a result of increased investment in wealth management products as part of our treasury management, (ii) an increase in inventories and other contract costs of RMB358.7 million driven by year-end stocking activities and delivery cycle requirements, and (iii) an increase in prepayments and other receivables of RMB80.9 million primarily attributable to advance payments made to secure supplies of certain raw materials amid market supply conditions, partially offset by (i) an increase in trade and bills payables of RMB691.9 million in line with our expanded procurement activities, and (ii) a decrease in cash and cash equivalents of RMB472.3 million.

Our net current assets increased from RMB2,151.4 million as of December 31, 2025 to RMB3,748.8 million as of April 30, 2026, primarily due to (i) an increase in financial assets measured at FVPL of RMB1,408.8 million as a result of increased investment in wealth management products as part of our treasury management, (ii) an increase in trade and bills receivables of RMB488.7 million driven by revenue growth, and (iii) an increase in inventories and other contract costs of RMB455.9 million driven by year-end stocking activities and our business expansion, partially offset by (i) an increase in trade and bills payables of RMB1,005.3 million in line with our expanded procurement activities, and (ii) a decrease in cash and cash equivalents of RMB141.8 million.

Our future cash requirements will depend on many factors, including our operating cash flows, capital expenditures on property, plant and equipment, market acceptance of our products or other changing business conditions and future developments. We may require additional cash for commencing new projects or businesses, and we require significant capital resources to build, maintain, operate and expand production facilities, purchase machinery and equipment, and develop new technologies and products. If our existing cash is insufficient to meet our requirements, we may seek funding from the capital markets or borrow from financial institutions. See "Risk Factors – Risks Relating to Our Business and Industry – Our business requires a significant amount of capital expenditure for maintenance, upgrades and expansion of production capacity, and there can be no assurance that we will be able to have enough cash to successfully implement our capital expenditure plans."

LIQUIDITY AND CAPITAL RESOURCES

Working Capital Sufficiency

During the Track Record Period and up to the Latest Practicable Date, we primarily financed our working capital needs primarily through cash from operations and financing activities. As of April 30, 2026, we had cash and cash equivalents RMB687.0 million, deposit certificates of RMB129.7 million, current financial assets measured at FVPL of RMB2,224.6 million and unutilized credit facilities of RMB6,649.4 million. Taking into account the financial resources available to us, including the cash flow from operating activities, existing and available borrowings and our cash and cash equivalent on hand, our Directors are of the view and joint sponsors concur that, after due and careful inquiry, we have sufficient available working capital for our present requirements for at least the next 12 months from the date of this Document.

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our operating activities, cash generated from financing activities. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB594.8 million, RMB1,301.1 million and RMB828.8 million, respectively. The following table sets forth our cash flows for the years indicated.

	For the Years Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from/(used in) operating activities	309,930	137,694	(139,331)
Net cash used in investing activities	(291,897)	(147,795)	(872,037)
Net cash generated from financing activities	82,491	715,971	553,831
Net increase/(decrease) in cash and cash equivalents	100,524	705,870	(457,537)
Effect of foreign exchange rate changes	6,200	428	(14,737)
Cash and cash equivalents at the beginning of the year	488,032	594,756	1,301,054
Cash and cash equivalents at the end of the year	**594,756**	**1,301,054**	**828,780**

Net Cash Generated from/(Used in) Operating Activities

In 2025, our net cash used in operating activities was RMB139.3 million, which was primarily attributable to our profit before taxation of RMB219.8 million, as adjusted by certain non-cash and non-operating items, primarily consisting of (i) depreciation charge and amortization of RMB315.6 million, (ii) write-down of inventories of RMB42.2 million, (iii) equity-settled share-based payment expenses of RMB25.7 million, (iv) impairment losses on goodwill of RMB24.4 million, and (v) impairment losses on receivables and contract assets of RMB17.8 million, partially offset by net gain on financial assets measured FVPL – equity securities of RMB86.3 million. The amount was further adjusted by negative changes in working capital of RMB635.0 million and income tax paid of RMB89.5 million. The negative changes in working capital were primarily attributable to (i) an increase in trade and bills receivables/debt instruments measured at FVOCI of RMB751.0 million, (ii) an increase in inventories and other contract costs of RMB400.9 million, and (iii) an increase in prepayments and other receivables of RMB84.0 million, partially offset by (i) an increase in trade and bills payables of RMB617.1 million and (ii) an increase in contract liabilities of RMB28.2 million.

In 2024, our net cash generated from operating activities was RMB137.7 million, which was primarily attributable to our profit before taxation of RMB453.9 million, as adjusted by certain non-cash and non-operating items, primarily consisting of (i) depreciation charge and amortization of RMB262.1 million, (ii) write-down of inventories of RMB31.9 million, (iii) equity-settled share-based payment expenses of RMB24.4 million, and (iv) impairment losses on receivables and contract assets of RMB16.3 million, partially offset by net loss/(gain) on financial assets measured FVPL – wealth management products of RMB7.8 million. The amount was further adjusted by negative changes in working capital of RMB637.1 million and income tax paid of RMB56.2 million. The negative changes in working capital were primarily attributable to (i) an increase in trade and bills receivables/debt instruments measured at FVOCI of RMB649.8 million and (ii) an increase in inventories and other contract costs of RMB530.3 million, partially offset by (i) an increase in trade and bills payables of RMB449.7 million and (ii) an increase in accruals and other payables of RMB105.0 million.

In 2023, our net cash generated from operating activities was RMB309.9 million, which was primarily attributable to our profit before taxation of RMB636.9 million, as adjusted by certain non-cash and non-operating items, primarily consisting of (i) depreciation charge and amortization of RMB203.6 million, (ii) impairment losses on goodwill of RMB25.0 million, (iii) equity-settled share-based payment expenses of RMB34.6 million, and (iv) finance costs of RMB36.3 million, partially offset by net (gain)/loss on financial assets measured FVPL – equity securities of RMB276.2 million. The amount was further adjusted by negative changes in working capital of RMB337.1 million and income tax paid of RMB31.7 million. The negative changes in working capital were primarily attributable to (i) an increase in trade and bills receivables/debt instruments measured at FVOCI of RMB909.9 million, partially offset by (i) an increase in trade and bills payables of RMB502.5 million and (ii) a increase in accruals and other payables of RMB109.7 million.

Net Cash Generated from/(Used in) Investing Activities

In 2025, our net cash used in investing activities was RMB872.0 million, primarily attributable to (i) payments for purchase of wealth management products of RMB3,547.1 million, (ii) payments for acquisition of property, plant and equipment, intangible assets and investment properties of RMB438.2 million, (iii) investments to associates of RMB105.8 million, and (iv) payments for acquisition of financial assets measured at FVPL – equity securities of RMB73.4 million, partially offset by (i) proceeds from disposal of wealth management products of RMB2,917.4 million, (ii) withdrawal of deposit certificates of RMB406.9 million, and (iii) dividends received from associates of RMB12.2 million.

In 2024, our net cash used in investing activities was RMB147.8 million, primarily attributable to (i) payments for purchase of wealth management products of RMB3,304.1 million, (ii) payments for acquisition of property, plant and equipment, intangible assets and investment properties of RMB349.8 million, (iii) placement of deposit certificates of RMB361.6 million, and (iv) payments for acquisition of financial assets measured at FVPL – equity securities of RMB68.0 million, partially offset by (i) proceeds from disposal of wealth management products of RMB3,838.5 million, (ii) withdrawal of deposit certificates of RMB100.4 million and (iii) proceeds from disposal of financial assets measured at FVPL – equity securities of RMB30.5 million.

In 2023, our net cash used in investing activities was RMB291.9 million, primarily attributable to (i) payments for purchase of wealth management products of RMB4,357.1 million, (ii) payments for acquisition of property, plant and equipment, intangible assets and investment properties of RMB380.2 million, (iii) placement of deposit certificates of RMB345.1 million, and (iv) payments for acquisition of financial assets measured at FVPL – equity securities of RMB88.1 million, partially offset by (i) proceeds from disposal of wealth management products of RMB4,837.2 million, and (ii) withdrawal of deposit certificates of RMB95.3 million.

Net Cash Generated from/(Used in) Financing Activities

In 2025, our net cash generated from financing activities was RMB553.8 million, primarily attributable to (i) proceeds from bank loans and other borrowings of RMB2,374.1 million and (ii) proceeds from granting of restricted shares and exercise of share options under share-based payment scheme ("**ESOP**") of RMB150.8 million, partially offset by (i) repayments of bank loans and other borrowings of RMB1,804.6 million, (ii) dividends paid to equity shareholders of the Company of RMB27.2 million, and (iii) dividends paid to non-controlling interests of RMB6.9 million.

In 2024, our net cash generated from financing activities was RMB716.0 million, primarily attributable to (i) proceeds from bank loans and other borrowings of RMB1,781.5 million and (ii) proceeds from granting of restricted shares and exercise of share options under ESOP of RMB96.6 million, partially offset by (i) repayments of bank loans and other borrowings of RMB911.7 million, and (ii) dividends paid to equity shareholders of the Company of RMB109.0 million.

In 2023, our net cash generated from financing activities was RMB82.5 million, primarily attributable to (i) proceeds from bank loans and other borrowings of RMB808.8 million and (ii) proceeds from granting of restricted shares and exercise of share options under ESOP of RMB61.3 million, partially offset by repayments of bank loans and other borrowings of RMB693.8 million.

INDEBTEDNESS

As of April 30, 2026, being the indebtedness statement date, our indebtedness included (i) bank loans and other borrowings and (ii) lease 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)*
Current				
Bank loans and other borrowings	343,865	1,112,786	993,478	632,878
Lease liabilities	48,004	43,347	45,489	48,779
Non-current				
Bank loans and other borrowings	1,252,760	243,300	928,604	119,026
Lease liabilities	99,718	65,820	72,607	76,141
Total	**1,744,347**	**1,465,253**	**2,040,178**	**876,824**

Bank Loans and Other Borrowings

As of December 31, 2023, 2024 and 2025 and April 30, 2026, we had bank loans and other borrowings of RMB1,596.6 million, RMB1,356.1 million, RMB1,922.1 million and RMB751.9 million, respectively. Our total bank loans and borrowings decreased from RMB1,596.6 million as of December 31, 2023 to RMB1,356.1 million as of December 31, 2024, primarily attributable to the conversion of convertible corporate bonds. Our total bank loans and borrowings increased from RMB1,356.1 million as of December 31, 2024 to RMB1,922.1 million as of December 31, 2025, primarily attributable to draw-down of unsecured and unguaranteed bank loans to support our business expansion.

The following table sets out our borrowings 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				
– Unsecured and unguaranteed short-term bank loans	125,073	319,000	138,705	137,190
– Secured short-term bank loans	1,050	40,000	–	–
– Bank borrowings secured by bills receivable and letter of credit	198,268	735,000	693,000	493,000
– Current portion of unsecured and unguaranteed long-term bank loans	18,138	18,786	161,773	2,688
– Current portion of convertible corporate bonds	1,336	–	–	–
Subtotal	**343,865**	**1,112,786**	**993,478**	**632,878**
Non-current				
– Unsecured and unguaranteed bank loans	162,000	243,300	928,604	119,026
– Convertible corporate bonds	1,090,760	–	–	–
Subtotal	**1,252,760**	**243,300**	**928,604**	**119,026**
Total	**1,596,625**	**1,356,086**	**1,922,082**	**751,904**

Our bank borrowings contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payments of bank loans and other borrowings, or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of April 30, 2026, we had unutilized credit facilities of RMB6,649.4 million.

Lease Liabilities

Our lease liabilities (including current and non-current portions) were primarily related to our leases for properties, including offices, manufacturing plants and R&D centers. As of December 31, 2023, 2024 and 2025 and April 30, 2026, we had lease liabilities of RMB147.7 million, RMB109.2 million, RMB118.1 million and RMB124.9 million, respectively.

The following table sets out our lease liabilities 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 portion	48,004	43,347	45,489	48,779
Non-current portion	99,718	65,820	72,607	76,141
Total	**147,722**	**109,167**	**118,096**	**124,920**

Contingent Liabilities

As of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees of any litigations or claims of material importance, pending or threatened against any member of us.

No Other Outstanding Indebtedness Statement

Save as disclosed above, as of April 30, 2026, being the indebtedness statement date, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2026 and up to the Latest Practicable Date.

CAPITAL COMMITMENTS

Our capital commitments mainly represent acquisition of property, plant and equipment and land-use rights for which we have contracted but have not provided for. As of December 31, 2023, 2024 and 2025, our capital commitment were RMB594.3 million, RMB241.0 million and RMB318.1 million, respectively. Our Directors confirm that there had been no material adverse change in our capital commitments since December 31, 2025 and up to the Latest Practicable Date.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we primarily conducted related party transactions with our associates, investee companies and entities controlled by our ultimate controlling party. Partially, these transactions included purchases of goods and services from, and sales of goods and rendering of services to, such related parties in the ordinary course of our business operations, giving rise to various balances with related parties including trade receivables, prepayments and contract liabilities. See Note 36 to the Accountants' Report included in Appendix I to this Document for details.

Our Directors believe that our transactions set out in Note 36 to the Accountants' Report in Appendix I during the Track Record were conducted in the normal course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated.

	As of/For the Years Ended December 31,		
	2023	**2024**	**2025**
Gross profit margin(1)	24.6%	24.8%	21.8%
Net profit margin(2)	9.3%	5.6%	2.1%
Current ratio(3)	1.5	1.4	1.4
Quick ratio(4)	1.0	0.9	0.9

Notes:

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

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

(3) Current ratio is calculated based on the current assets divided by current liabilities.

(4) Quick ratio is calculated based on the current asset minus inventory and other contract costs divided by current liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

CAPITAL EXPENDITURE

Our capital expenditures were RMB380.2 million, RMB349.8 million and RMB438.2 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our capital expenditures were primarily for payment for property, plant and equipment, additions under long-term lease contracts for leasehold land and property and plant, and additions of intangible assets.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and Use of **[REDACTED]** – Use of **[REDACTED]**." We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operating activities and **[REDACTED]** from the **[REDACTED]**.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to credit, liquidity, interest rate and foreign currency risks that arise in the normal course of our business.

- *Credit risk.* Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables and contract assets. Our exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and certificate of deposits are limited because the counterparties are banks with sound credit ratings, for which We consider having low credit risk.

- *Liquidity risk.* We monitor and maintain a level of cash and cash equivalents deemed adequate by the management of us to finance the operations and mitigate the effects of fluctuations of cash flows.

- *Interest rate risk.* Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are primarily exposed cash flow risk in relation to variable-rate bank balances and bank loans. The directors of the Company consider that the exposure to cash flow interest rate risk arising from variable-rate bank balances and bank loans is insignificant because the current market interest rates are relatively low and stable.

- *Foreign currency risk.* We are exposed to foreign currency risk primarily through sales which give rise to cash balances, receivables and payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily RMB, U.S. dollars, Euros, HK$, Indian Rupee, Thai Baht, and South Korean Won.

- *Fair value measurement.* Our Financial Controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Financial Controller reports directly to the chief financial officer. At each reporting date, the Financial Management Department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the executive director. See Note 34(d) to the Accountants' Report included in the Appendix I to this Document.

DIVIDENDS AND DIVIDEND POLICY

We may distribute dividends by way of cash or shares, or a combination of both. Pursuant to our Articles of Association and other corporate governance policies, our Board may declare dividends in the future after taking into account our results of operations, financial condition, capital requirements, stage of development, Shareholders return plans and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC law and approval by our Shareholders. In 2023, 2024 and 2025, our Company declared dividends of RMB24.7 million, RMB109.0 million and RMB27.2 million for the financial years ended December 31, 2022, 2023 and 2024, respectively, which have been paid in full. In May 2026, we declared dividends of RMB17.4 million for the financial year ended December 31, 2025, which had not yet been paid as of the Latest Practicable Date.

In March 2025, our Board approved and adopted a dividend policy of our company ("**Dividend Policy**"), which outlines our dividend distribution plan for the years ended December 31, 2025, 2026 and 2027. Pursuant to the Dividend Policy, in principle, our Company intends to distribute dividends in cash at least once each financial year, and the aggregate amount of cash dividends distributed during any three consecutive years shall not be less than 30% of the average annual net profit attributable to shareholders of our Company realized during such three-year period provided that we have positive distributable profits, sufficient cash flow, and no material investment plans or significant cash expenditure arrangements. After completion of the **[REDACTED]**, our Shareholders will be entitled to receive any dividends we declare. Subject to relevant laws and regulations and taking into account various factors and professional suggestions, our Board may exercise discretion to propose alternative dividend policies. Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors – Risks Relating to the **[REDACTED]** – Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future" in this Document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had distributable reserves of RMB2,813.1 million which are available for distribution to our Shareholders.

[REDACTED] EXPENSE

[REDACTED] expenses represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. Assuming the **[REDACTED]** is not exercised and based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range), the **[REDACTED]** expenses to be borne by us are estimated to be approximately RMB**[REDACTED]** (HK$**[REDACTED]**), approximately **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, comprising: (i) **[REDACTED]**-related fees of RMB**[REDACTED]** (HK$**[REDACTED]**); and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]** (HK$**[REDACTED]**), which are further categorized into: (a) fees and expenses of legal advisers and accountants of RMB**[REDACTED]** (HK$**[REDACTED]**); and (b) other fees and expenses of RMB**[REDACTED]** (HK$**[REDACTED]**). Approximately RMB**[REDACTED]** (HK$**[REDACTED]**) of the **[REDACTED]** expenses is directly attributable to the issue of our H Shares to the public and is expected to be recognized directly as a deduction 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.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED [REDACTED] ASSETS ATTRIBUTABLE TO OWNERS OF OUR COMPANY

See "Appendix II – Unaudited **[REDACTED]** Financial Information."

RECENT DEVELOPMENT

See "Summary – Recent Development" in this Document for further details of the recent developments of our business, operations, financial performance and financial positions.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the years reported in the Accountants' Report as set out in Appendix I to this Document, and there is no event since December 31, 2025 that would materially affect the information shown in the Accountant's Report as set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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