You should read the following discussion and analysis together with our audited consolidated financial information and the notes thereto included in the Accountants' Report in Appendix I, which have been prepared in accordance with IFRSs. You should note that this section contains forward-looking statements based on our current expectations and assumptions, and actual results may differ due to various risks and uncertainties. You should consider this document as a whole, including the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a solution provider of vehicle diagnostics and charging. We pursue technological innovation and are actively exploring solutions that integrate hardware and software to address evolving customer needs, contributing to the advancement of an intelligent future with human at its core.

Leveraging our performance and technological prowess, we have secured leading positions across multiple industries, according to Frost & Sullivan. For vehicle diagnostics, we were the largest vehicle diagnostic solution provider in the world in terms of revenue in 2023, 2024 and 2025, with our market share increasing from 10.5% in 2023 to 11.8% in 2025. For charging solution, we were the largest Chinese charging solution provider in terms of overseas revenue in 2025, and the fourth largest and the largest Chinese charging solution provider in North America in terms of revenue in 2025. With more than 20 years of industry experience, we have developed a solution portfolio underpinned by strong technological capabilities, and primarily generated revenue from vehicle diagnostics and charging during the Track Record Period, while focusing on exploring AI applications to enhance our solutions. According to Frost & Sullivan, we are among the first to develop vertical AI models and apply such models to vehicle diagnostics and charging.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"), under the historical cost convention as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss. It is presented in Renminbi ("**RMB**"), our functional currency, with amounts rounded to the nearest thousand unless otherwise indicated. The preparation of such financial information requires management to make judgments, estimates and assumptions in applying our accounting policies. Key areas involving significant judgment and estimation uncertainty are set out in Note 4 and Note 42 to the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Consumer Demand for Our Solutions

Our results of operations are affected by consumer demand for our solutions, which is driven by factors including the need for vehicle diagnostic and charging solutions, evolving travel habits and consumption trends. Driven by the growth of the automotive market, rapid adoption of new energy vehicles and advancements in AI technology, the markets for vehicle diagnostics and charging solutions are expected to grow significantly. According to Frost & Sullivan, the global vehicle diagnostics market grew at a CAGR of 7.5% from 2021 to 2025 and is expected to grow at a CAGR of 14.1% from 2025 to 2030, while the global charging solution market grew at a CAGR of 38.1% from 2021 to 2025 and is expected to grow at a CAGR of 34.0% from 2025 to 2030.

In response to these trends, we have proactively implemented a series of strategic initiatives, including the continuous expansion of our solution offerings, strengthening of our R&D capabilities, broadening of our sales and marketing network, and development of innovative solutions to meet evolving customer demands. Notably, we introduced our multi-agent collaborative solution to capitalize on opportunities arising from advancements in AI technology, which is expected to drive additional revenue streams. These measures have proven to be effective, as demonstrated by our revenue growth during the Track Record Period. As a leader in vehicle diagnostic and charging solutions, we believe that our strong technological and AI capabilities, diverse solution offerings, proven track record of growth, and ability to innovate and adapt to changing market trends position us well to seize the opportunities in the expanding markets we serve.

Our Ability to Improve Technical Strengths

We have invested in and plan to continue to invest in research and development to strengthen our technological capabilities. Our R&D expenses amounted to RMB535.1 million, RMB635.8 million and RMB774.6 million in 2023, 2024 and 2025, respectively, representing 16.5%, 16.1% and 16.0% of our revenue during the corresponding periods. We upgrade the core technologies that underpin each of our solution offerings. In terms of vehicle diagnostics, we have developed a diagnostic solution for EVs, supporting both in-vehicle and out-of-vehicle diagnostic applications. In terms of charging solution, we aim to develop an integrated energy management solution that addresses customer needs while reducing reliance on the grid. This system incorporates photovoltaic panels, energy storage systems, energy edge controllers and EMS cloud platform to optimize energy consumption and improve sustainability. In addition, we are actively working on embodied robots and have launched multi-agent collaborative solution, which are designed to support a broad range of potential applications.

While we continue to enhance our technological capabilities, our efforts face challenges posed by rapid technological advancements, evolving customer expectations, and the need to attract and retain qualified research and development talent. Going forward, we are committed to strategically investing in innovation to strengthen our technological capacities, enhance existing solutions, and develop new offerings that meet market demands, thereby driving sustainable long-term growth.

Our Ability to Expand Sales and Distribution Network

Our operating results are influenced by our ability to expand our sales and distribution network. During the Track Record Period, we achieved significant revenue growth across all geographic regions. In particular, we believe the global opportunity is substantial. We have strategically targeted key international markets, including North America and Europe, and our strategy has proven to be successful. Our revenue generated from North America amounted to RMB1,697.9 million, RMB1,989.8 million and RMB2,553.9 million in 2023, 2024 and 2025, respectively, representing 52.3%, 50.7% and 52.9% of our revenue from contracts with customers for the corresponding periods. Meanwhile, our revenue generated from Europe amounted to RMB538.1 million, RMB789.9 million and RMB922.4 million in 2023, 2024 and 2025, respectively, representing 16.6%, 20.1% and 19.1% of our revenue from contracts with customers for the corresponding periods.

To effectively engage overseas consumers, we will continue to develop both direct sales and distributorship. For direct sales, we intend to collaborate with major global e-commerce platforms such as Amazon. For our distributorship, we plan to partner with local distributors who possess deep market insights and extensive distribution capabilities. We will continue to strengthen our sales and marketing initiatives, broaden our distribution channels, invest in talent, and, where necessary, establish overseas warehouses to support our global expansion. In addition, given that international markets impose different standards and regulatory requirements on charging solutions, we may need to adjust our product offerings to comply with local laws and market conditions. Furthermore, fluctuations in exchange rates between Renminbi and the foreign currencies used in international markets may adversely affect our financial position and results of operations.

Our Ability to Improve Cost Structure and Operational Efficiency

Our profitability depends on our ability to control costs and enhance operational efficiency. Our cost of revenue amounted to RMB1,548.5 million, RMB1,850.3 million and RMB2,140.9 million in 2023, 2024, and 2025, respectively, representing 47.6%, 47.1% and 44.3% of our total revenue for the respective period. Our cost of revenue primarily comprises raw materials and consumables used, outsourcing processing fees, employee benefit expenses, depreciation and amortization, impairment losses on inventories and other expenses. Operating expenses, comprising R&D, selling and marketing, and general and administrative expenses, amounted to RMB1,317.5 million, RMB1,543.5 million and RMB1,792.7 million in 2023, 2024 and 2025, respectively, representing 40.5%, 39.3% and 37.1% of our total revenue for the respective periods. The decline in the ratio of operating expenses to revenue over the Track Record Period was mainly attributable to economies of scale and continuous optimization of cost structure and resource allocation. In particular, our selling and marketing efficiency improved with higher brand recognition, while general and administrative expenses as a percentage of revenue decreased due to enhanced management and digitalized processes. We expect to further enhance our operational efficiency as we scale through the expansion of our solution offerings and revenue growth, which is crucial to maintaining our profitability.

NON-IFRS MEASURES

To supplement our financial information, which is presented in accordance with IFRSs, we also use our adjusted profit for the year (Non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. The adjusted profit for the year (Non-IFRS measure) reflects our net profit for the year before share-based compensation expenses and **[REDACTED]** in relation to the **[REDACTED]**. We believe that our adjusted profit for the year (Non-IFRS measure) helps illustrate the underlying trends in our business as it eliminates the impacts of non-recurring item. Share-based compensation expenses are non-cash in nature. However, such non-IFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS financial measure has limitations as an analytical tool. You should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs. The adjusted profit for the year (Non-IFRS measure) set forth in the table below is calculated upon adjustments to the most directly comparable financial data in accordance with IFRS (i.e., profit for the year):

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*% of the total revenue*	*RMB'000*	*% of the total revenue*	*RMB'000*	*% of the total revenue*
Profit for the year	**139,722**	**4.3**	**560,337**	**14.2**	**890,481**	**18.4**
Share-based compensation expenses	4,826	0.1	15,660	0.4	115,147	2.4
[REDACTED] expenses	—	—	—	—	**[REDACTED]**	**[REDACTED]**
Non-IFRS financial measure — Adjusted profit for the year	**144,548**	**4.4**	**575,997**	**14.6**	**[REDACTED]**	**[REDACTED]**

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. For details of our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Note 4 to the Accountants' Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	**3,251,152**	**100.0**	**3,932,256**	**100.0**	**4,832,752**	**100.0**
Cost of revenue	(1,548,534)	(47.6)	(1,850,331)	(47.1)	(2,140,937)	(44.3)
Gross profit	**1,702,618**	**52.4**	**2,081,925**	**52.9**	**2,691,815**	**55.7**
General and administrative expenses	(301,137)	(9.3)	(348,742)	(8.9)	(443,528)	(9.2)
Selling and marketing expenses	(481,036)	(14.8)	(559,013)	(14.2)	(574,523)	(11.9)
Research and development expenses	(535,096)	(16.5)	(635,783)	(16.2)	(774,631)	(16.0)
Net impairment losses on financial assets	(17,762)	(0.6)	(23,485)	(0.6)	(33,295)	(0.7)
Other income	68,093	2.1	71,616	1.8	86,478	1.8
Other gains/(losses), net	(225,378)	(6.9)	86,671	2.2	122,125	2.5
Operating profit	**210,032**	**6.5**	**673,189**	**17.1**	**1,074,441**	**22.2**
Finance income	10,512	0.3	26,120	0.7	28,307	0.6
Finance costs	(52.196)	(1.6)	(51,057)	(1.3)	(55,447)	(1.1)
Finance (costs)/income, net	(41,684)	(1.3)	(24,937)	(0.6)	(27,140)	(0.6)
Share of profit or loss of investments in associates	—	—	(11,089)	(0.3)	31,820	0.7
Impairment provision for investments in associates	(1,401)	(0.0)	—	—	—	—
Profit before income tax	**166,947**	**5.1**	**637,163**	**16.2**	**1,079,121**	**22.3**
Income tax expense	(27,225)	(0.8)	(76,826)	(2.0)	(188,640)	(3.9)
Profit for the year	**139,722**	**4.3**	**560,337**	**14.2**	**890,481**	**18.4**

Revenue

During the Track Record Period, we primarily generated revenue from our vehicle diagnostic and charging solutions. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Vehicle diagnostic solution						
Diagnostic devices						
— Diagnostic tablets and others	1,286,594	39.5	1,267,392	32.2	1,392,009	28.8
— TPMS	532,440	16.4	705,750	18.0	1,007,321	20.8
— ADAS	307,484	9.5	390,457	9.9	381,232	7.9
— Others [(1)]	163,711	5.0	208,833	5.3	198,975	4.1
Subtotal	2,290,229	70.4	2,572,432	65.4	2,979,537	61.6
Diagnostic software	352,761	10.9	442,584	11.3	529,964	11.0
Subtotal	2,642,990	81.3	3,015,016	76.7	3,509,501	72.6
Charging solution						
Charging network	566,527	17.4	866,701	22.0	1,241,917	25.7
Charging software	6,207	0.2	3,257	0.1	14,862	0.3
Subtotal	572,734	17.6	869,958	22.1	1,256,779	26.0
Others[(2)]	35,428	1.1	47,282	1.2	66,472	1.4
Total	**3,251,152**	**100.0**	**3,932,256**	**100.0**	**4,832,752**	**100.0**

Notes:

(1) Include a wide range of hardware accessories sold alongside our diagnostic tablets and others, TPMS, and ADAS as well as other products such as universal car key and millimeter-wave radar sensor.

(2) Include sales of obsolete raw materials and lease income.

Revenue generated from our vehicle diagnostic solution accounted for a majority of our revenue during the Track Record Period. In 2023, 2024 and 2025, we derived 81.3%, 76.7% and 72.6% of our total revenue from our vehicle diagnostic solution, respectively.

Comparison between 2025 and 2024. Our revenue increased by 22.9% from RMB3,932.3 million in 2024 to RMB4,832.8 million in 2025, which was primarily attributable to the growth of our vehicle diagnostic and charging solutions. Revenue from our vehicle diagnostic solution increased by 16.4%, driven by higher sales of diagnostic devices and diagnostic software, and revenue from our charging solution increased by 44.5%, mainly reflecting increased sales of charging network.

Comparison between 2024 and 2023. Our revenue increased by 20.9% from RMB3,251.2 million in 2023 to RMB3,932.3 million in 2024, which was primarily attributable to the growth of our vehicle diagnostic and charging solutions. Revenue from our vehicle diagnostic solution increased by 14.1%, supported by continued expansion in sales of diagnostic devices and diagnostic software, while revenue from our charging solution increased by 51.9%, primarily due to the increased volume of charging network products sold as our charging infrastructure continued to expand.

Revenue by Business Line

Vehicle Diagnostic Solution

Comparison between 2025 and 2024. Revenue from our vehicle diagnostic solution increased by 16.4% from RMB3,015.0 million in 2024 to RMB3,509.5 million in 2025, which was primarily attributable to (i) higher sales of diagnostic devices, particularly TPMS products, driven by rising overseas demand, particularly in North America and Europe, and (ii) continued growth in diagnostic software, supported by a growing installed base of connected devices and an increase in paid software subscriptions following the expiration of free upgrade periods.

Comparison between 2024 and 2023. Revenue from our vehicle diagnostic solution increased by 14.1% from RMB2,643.0 million in 2023 to RMB3,015.0 million in 2024, which was primarily due to (i) increased market demand for our TPMS products that benefited from mandatory installation requirements in various overseas markets and the resulting substantial and recurring replacement needs in the automotive aftermarket; (ii) continued growth in ADAS products supported by the rising penetration of intelligent and driver-assistance features in vehicles and the corresponding need for regular calibration during repair and maintenance; and (iii) further expansion of our diagnostic software, reflecting greater customer adoption of paid upgrades and enhanced digital diagnostic services. These factors collectively contributed to the steady growth of our vehicle diagnostic solution.

Charging Solution

Comparison between 2025 and 2024. Revenue from our charging solution increased by 44.5% from RMB870.0 million in 2024 to RMB1,256.8 million in 2025, primarily due to (i) the launch of new high-efficiency EV chargers and enhanced sales to key commercial customers and (ii) the gradual expansion of our charging software, supported by growing demand from fleet and commercial customers.

Comparison between 2024 and 2023. Revenue from our charging solution increased by 51.9% from RMB572.7 million in 2023 to RMB870.0 million in 2024, primarily due to increased sales of charging network products, including DC chargers and AC chargers, reflecting increased popularity of our charging network products since launch.

Revenue by Geographic Location

The following table sets forth a breakdown of our revenue from contracts with customers by geographic regions, in absolute amounts and as percentages of our revenue from contracts with customers, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
North America	1,697,908	52.3	1,989,838	50.7	2,553,948	52.9
Europe	538,132	16.6	789,892	20.1	922,429	19.1
Chinese Mainland	81,374	2.5	101,183	2.6	124,422	2.6
Others[(1)]	926,588	28.6	1,042,722	26.6	1,223,534	25.4
Total[(2)]	**3,244,002**	**100.0**	**3,923,635**	**100.0**	**4,824,333**	**100.0**

Notes:

(1) Primarily include non-China standard products that are made in accordance with standards and specifications other than the PRC domestic standards and sold to cross-border e-commerce platforms.

(2) Revenue from contracts with customers refer to total revenue excluding lease income.

Comparison between 2025 and 2024. Our revenue from sales in North America increased by 28.3% from RMB1,989.8 million in 2024 to RMB2,553.9 million in 2025, primarily due to higher sales of diagnostic devices and charging network products driven by expanding customer coverage among leading automotive service providers and charging station operators. Our revenue from sales in Europe increased by 16.8% from RMB789.9 million in 2024 to RMB922.4 million in 2025, primarily due to increased market penetration in key European countries and enhanced local distribution and service networks. Our revenue from sales in Chinese Mainland increased by 23.0% from RMB101.2 million in 2024 to RMB124.4 million in 2025, primarily due to enhanced domestic market development efforts.

Comparison between 2024 and 2023. Our revenue from sales in North America increased by 17.2% from RMB1,697.9 million in 2023 to RMB1,989.8 million in 2024, primarily driven by overall growth in our overseas business, with North America remaining our largest and most established market. This increase was mainly supported by higher demand for our vehicle diagnostic solution, continued expansion of our charging solution and our enhanced sales and marketing activities. Our revenue from sales in Europe increased by 46.8% from RMB538.1 million in 2023 to RMB789.9 million in 2024, primarily driven by strong overseas demand and increasing market recognition in Europe, particularly supported by the rapid growth of our charging solution. Our revenue from sales in Chinese Mainland increased by 24.3% from RMB81.4 million in 2023 to RMB101.2 million in 2024, primarily due to the increased demand for our diagnostic devices.

Revenue by Sales Channel

During the Track Record Period, we sold our products through distributorship and direct sales. The following table sets forth a breakdown of our revenue from contracts with customers by sales channel, in absolute amounts and as percentages of the revenue from contracts with customers, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Distributorship	2,740,296	84.5	3,275,453	83.5	4,046,908	83.9
Direct sales	503,706	15.5	648,182	16.5	777,425	16.1
Total[(1)]	**3,244,002**	**100.0**	**3,923,635**	**100.0**	**4,824,333**	**100.0**

Note:

(1) Revenue from contracts with customers refer to total revenue excluding lease income.

Distributorship

Comparison between 2025 and 2024. Our revenue from distributorship increased by 23.6% from RMB3,275.5 million in 2024 to RMB4,046.9 million in 2025, primarily due to (i) increased sales of our diagnostic devices through overseas distributors as market demand continued to grow, and (ii) further contribution from our charging solution as the adoption of our charging network accelerated in key overseas markets.

Comparison between 2024 and 2023. Our revenue from distributorship increased by 19.5% from RMB2,740.3 million in 2023 to RMB3,275.5 million in 2024, primarily due to (i) increased sales of our diagnostic devices through overseas distributors, driven by strong market demand; (ii) the contribution from our charging solution through distributor channels as our charging network began to gain market traction in overseas markets; and (iii) the continued expansion and optimization of our global distributor network, which enhanced market coverage and channel penetration in key regions.

Direct sales

Comparison between 2025 and 2024. Our revenue from direct sales increased by 19.9% from RMB648.2 million in 2024 to RMB777.4 million in 2025, primarily due to (i) continued growth of our charging solutions driven by increasing adoption of our charging network products, and (ii) further expansion of our direct engagement with enterprise customers and improved sales execution across key regions.

Comparison between 2024 and 2023. Our revenue from direct sales increased by 28.7% from RMB503.7 million in 2023 to RMB648.2 million in 2024, primarily due to (i) rapid growth in our charging solution following the successful launch and increasing adoption of our charging network in overseas markets, and (ii) the expansion of our direct engagement with enterprise customers, particularly in regions where we strengthened our local sales presence.

Cost of Revenue

The following table sets forth a breakdown of our cost of revenue, in absolute amount and as a percentage of our total cost of revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw materials and consumables used	1,301,241	84.0	1,562,435	84.4	1,905,461	89.0
Outsourcing processing fees	58,507	3.8	62,097	3.4	64,189	3.0
Employee benefit expenses	30,004	1.9	37,230	2.0	42,902	2.0
Depreciation and amortization	35,737	2.3	47,549	2.6	31,451	1.5
Impairment losses on inventories	75,250	4.9	93,163	5.0	11,268	0.5
Other expenses[(1)]	47,795	3.1	47,857	2.6	85,666	4.0
Total	**1,548,534**	**100.0**	**1,850,331**	**100.0**	**2,140,937**	**100.0**

Note:

(1) Other expenses primarily include tariff, logistics and warehousing expenses, utilities, and other ancillary production-related costs.

Comparison between 2025 and 2024. Our cost of revenue increased by 15.7% from RMB1,850.3 million in 2024 to RMB2,140.9 million in 2025, primarily attributable to (i) an increase in raw materials and consumables used from RMB1,562.4 million to RMB1,905.5 million, driven by higher sales volume, (ii) an increase in other expenses, which grew from RMB47.9 million to RMB85.7 million, mainly due to larger business scale. These increases were partially offset by a decrease in impairment losses on inventories, which declined from RMB93.2 million to RMB11.3 million, reflecting improved inventory management and lower expected losses.

Comparison between 2024 and 2023. Our cost of revenue increased by 19.5% from RMB1,548.5 million in 2023 to RMB1,850.3 million in 2024, primarily attributable to (i) an increase in raw materials and consumables used from RMB1,301.2 million to RMB1,562.4 million, largely due to increased sales volume and greater demand for our products, (ii) an increase in impairment losses on inventories from RMB75.3 million to RMB93.2 million, primarily due to an increase in slow-moving and aged inventories identified during the period, and (iii) an increase in depreciation and amortization from RMB35.7 million to RMB47.5 million, reflecting continued capital expenditure in manufacturing equipment and tooling.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business line, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Vehicle diagnostic solution						
Diagnostic devices						
— Diagnostic tablets and others	704,721	54.8	689,723	54.4	747,782	53.7
— TPMS	286,666	53.8	390,473	55.3	587,414	58.3
— ADAS	185,586	60.4	234,549	60.1	233,897	61.4
— Others[(1)]	51,112	31.2	72,129	34.5	71,637	36.0
Subtotal	1,228,085	53.6	1,386,874	53.9	1,640,730	55.1
Diagnostic software	347,338	98.5	440,178	99.5	528,801	99.8
Subtotal	1,575,423	59.6	1,827,052	60.6	2,169,531	61.8
Charging solution						
Charging network	190,658	33.7	322,978	37.3	510,187	41.1
Charging software	6,112	98.5	3,239	99.4	14,832	99.8
Subtotal	196,770	34.4	326,217	37.5	525,019	41.8
Inventory and prepayment impairment	(75,250)		(93,163)		(17,743)	
Others[(2)]	5,675	16.0	21,819	46.1	15,008	22.6
Total/Overall	**1,702,618**	**52.4**	**2,081,925**	**52.9**	**2,691,815**	**55.7**

Notes:

(1) Include a wide range of hardware accessories sold alongside our diagnostic tablets and others, TPMS, and ADAS and other products such as universal car key and millimeter-wave radar sensor.

(2) Include sales of obsolete raw materials and lease income.

Gross Profit and Gross Profit Margin by Business Line

Vehicle Diagnostic Solution

Comparison between 2025 and 2024. Our gross profit from the vehicle diagnostic solution increased by 18.7% from RMB1,827.1 million in 2024 to RMB2,169.5 million in 2025, primarily due to continued growth in sales volume of our diagnostic devices and increased contribution from diagnostic software subscriptions. Our gross profit margin for the vehicle diagnostic solution increased from 60.6% in 2024 to 61.8% in 2025, primarily attributable to the improvement in gross profit margin of our TPMS products.

Comparison between 2024 and 2023. Our gross profit from the vehicle diagnostic solution increased by 16.0% from RMB1,575.4 million in 2023 to RMB1,827.1 million in 2024, primarily due to increased sales of diagnostic devices and steady growth in diagnostic software subscriptions. Our gross profit margin increased from 59.6% to 60.6%, primarily due to (i) an improved product mix attributable to a higher share of revenue from TPMS products and diagnostic software, and (ii) improved production efficiency and economies of scale in device manufacturing.

Charging Solution

Comparison between 2025 and 2024. Our gross profit from the charging solution increased by 60.9% from RMB326.2 million in 2024 to RMB525.0 million in 2025, primarily due to substantial growth in sales of charging network. Our gross profit margin increased from 37.5% to 41.8%, primarily due to improved profit margin of charging network products as a result of lower unit manufacturing costs resulting from scale and supply chain optimization.

Comparison between 2024 and 2023. Our gross profit from the charging solution increased by 65.8% from RMB196.8 million in 2023 to RMB326.2 million in 2024, primarily attributable to rapid expansion in our charging network. Our gross profit margin increased from 34.4% to 37.5%, primarily due to (i) an increasing proportion of higher-margin charging network products and (ii) improved utilization of production capacity.

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses, in absolute terms and as percentages of our general and administrative expenses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	110,439	36.7	161,351	46.3	203,638	45.9
Depreciation and amortization	34,381	11.4	33,209	9.5	44,422	10.0
Traveling expenses	4,706	1.6	4,437	1.3	5,095	1.1
Professional service fees	92,447	30.7	86,065	24.7	83,480	18.8
Taxes and surcharges	14,907	5.0	21,785	6.2	25,263	5.7
[REDACTED] expenses	—	—	—	—	**[REDACTED]**	**[REDACTED]**
Other expenses(1)	44,257	14.6	41,895	12.0	81,077	18.4
Total	**301,137**	**100.0**	**348,742**	**100.0**	**[REDACTED]**	**[REDACTED]**

Note:

(1) Other expenses mainly include rental expenses, recruitment and training expenses, office, communication, and meeting expenses and utility expenses.

Comparison between 2025 and 2024. Our general and administrative expenses increased by 27.2% from RMB348.7 million in 2024 to RMB443.5 million in 2025, which is primarily attributable to (i) an increase in employee benefit expenses from RMB161.4 million to RMB203.6 million, reflecting expanded management and administrative personnel to support larger scale of our overall operations, and (ii) an increase in other expenses from RMB 41.9 million to RMB81.1 million in line with the expansion of our operations.

Comparison between 2024 and 2023. Our general and administrative expenses increased by 15.8% from RMB301.1 million in 2023 to RMB348.7 million in 2024, which is primarily attributable to (i) an increase in employee benefit expenses from RMB110.4 million to RMB161.4 million, attributable to expanded administrative and corporate function teams and annual salary adjustments; and (ii) an increase in taxes and surcharges from RMB14.9 million to RMB21.8 million, driven by higher settlement volume associated with business expansion.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses, in absolute terms and as percentages of our total selling and marketing expenses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Employee benefit expenses	225,310	46.8	290,014	51.9	299,099	52.1
Depreciation and amortization	8,707	1.8	9,887	1.8	10,961	1.9
Traveling expenses	38,953	8.1	39,424	7.1	47,952	8.4
Advertising and promotion expenses	54,243	11.3	44,924	8.0	43,671	7.6
Professional service fees	27,513	5.7	35,928	6.4	26,706	4.6
Exhibition and sample fees	35,992	7.5	39,368	7.0	34,488	6.0
Warehousing service fees	16,115	3.3	24,639	4.4	26,585	4.6
Other expenses[1]	74,473	15.5	74,829	13.4	85,061	14.8
Total	**481,306**	**100.0**	**559,013**	**100.0**	**574,523**	**100.0**

Note:

(1) Other expenses primarily include customs clearance fees, insurance fees, and rental expenses.

Comparison between 2025 and 2024. Our selling and marketing expenses increased by 2.8% from RMB559.0 million in 2024 to RMB574.5 million in 2025, which is primarily attributable to (i) an increase in other expenses from RMB74.8 million to RMB85.1 million, primarily attributable to increased customs clearance fees, as a result of a higher shipment volume of devices under our vehicle diagnostics and charging solutions, and (ii) an increase in traveling expenses as a result of our business expansion.

Comparison between 2024 and 2023. Our selling and marketing expenses increased by 16.1% from RMB481.3 million in 2023 to RMB559.0 million in 2024, which is primarily attributable to (i) an increase in employee benefit expenses from RMB225.3 million to RMB290.0 million, reflecting continued expansion of sales and marketing personnel and increased compensation to support business growth, (ii) higher professional service fees from RMB27.5 million to RMB35.9 million, resulting from strengthened digital marketing, channel development, and overseas branding projects; and (iii) an increase in warehousing service fees from RMB16.1 million to RMB24.6 million, due to rising inventory movement and fulfillment activities associated with higher sales volume.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses, in absolute terms and as percentages of our total research and development expenses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Employee benefit expenses	348,081	65.1	392,626	61.8	495,241	63.9
Depreciation and amortization	74,435	13.9	86,326	13.6	113,127	14.6
Raw materials and consumables used	33,261	6.2	53,301	8.4	40,951	5.3
Commissioned R&D service fees	5,048	0.9	1,032	0.2	1,864	0.2
Traveling expenses	6,526	1.2	9,354	1.5	14,480	1.9
Professional service fees	2,227	0.4	23,736	3.7	32,822	4.3
Testing and certification fees	16,483	3.1	24,074	3.8	17,362	2.2
Software service fees	18,415	3.4	23,577	3.7	46,193	6.0
Other expenses[1]	30,620	5.8	21,757	3.3	12,591	1.6
Total	**535,096**	**100.0**	**635,783**	**100.0**	**774,631**	**100.0**

Note:

(1) Other expenses primarily include rental expenses, utility expenses and recruitment and training expenses.

Comparison between 2025 and 2024. Our research and development expenses increased by 21.8% from RMB635.8 million in 2024 to RMB774.6 million in 2025, primarily due to (i) an increase in employee benefit expenses from RMB392.6 million to RMB495.2 million, reflecting continued expansion of our R&D personnel and enhancement of compensation packages to support technology development in our vehicle diagnostic solution, charging solution and multi-agent collaborative solution; (ii) an increase in depreciation and amortization from RMB86.3 million to RMB113.1 million.

Comparison between 2024 and 2023. Our research and development expenses increased by 18.8% from RMB535.1 million in 2023 to RMB635.8 million in 2024, primarily due to (i) an increase in employee benefit expenses from RMB348.1 million to RMB392.6 million, due to increased R&D headcount and continued investment in core technical teams; and (ii) an increase in professional service fees from RMB2.2 million to RMB23.7 million, mainly due to outsourced R&D modules associated with product roll out; (iii) an increase in raw materials and consumables used from RMB33.3 million to RMB53.3 million, mainly attributable to our enhanced scale of research and development activities; and (iv) an increase in depreciation and amortization from RMB74.4 million to RMB86.3 million, reflecting additional R&D equipment and capitalized development assets entering the amortization cycle.

Net Impairment Losses on Financial Assets

We recorded impairment losses on financial assets, which primarily consisted of (i) impairment losses on trade and notes receivables and (ii) impairment losses on other receivables, of RMB17.8 million, RMB23.5 million and RMB33.3 million in 2023, 2024 and 2025, respectively. The level of impairment losses during these periods was primarily driven by the expansion of our revenue scale, which resulted in an increase in our trade and notes receivables and consequently higher expected credit loss provisions in accordance with our credit risk assessment policies.

Other Income

Our other income primarily comprises (i) VAT refund, (ii) government grants, (iii) interest income, and (iv) others. The following table sets forth a breakdown of our other income, in absolute terms and as percentages of our total other income, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
VAT refund[1]	37,618	55.2	63,481	88.7	63,030	72.9
Government grants	26,138	38.4	7,235	10.1	17,234	19.9
Interest income[2]	3,439	5.1	27	0,0	5,698	6.6
Others	898	1.3	873	1.2	516	0.6
Total	**68,093**	**100.0**	**71,616**	**100.0**	**86,478**	**100.0**

Notes:

(1) Pursuant to the Announcement [2011] No. 100 "Notice on the VAT Policies for Software Products (《關於軟件產品增值稅政策的通知》)" issued in 2011 by the Ministry of Finance and the State Taxation Administration, the portion of the actual VAT burden exceeding 3% is subject to an immediate refund upon collection. Autel Digital Power Co., Ltd. enjoyed the preferential policy during the Track Record Period.

(2) The amount mainly comprises interest income on our Group's structured deposits. Interest income from cash and cash equivalents is included in "Finance costs, net."

Comparison between 2025 and 2024. Our other income increased by 20.8% from RMB71.6 million in 2024 to RMB86.5 million in 2025, which is primarily attributable to an increase in government grants.

Comparison between 2024 and 2023. Our other income and gains increased by 5.2% from RMB68.1 million in 2023 to RMB71.6 million in 2024, which is primarily due to an increase in VAT refund arising from higher sales of self-developed software products eligible for VAT rebate, partially offset by a decrease in government grants.

Other Gains/(Losses), Net

The following table sets forth a breakdown of our other net gains/(losses), in absolute terms and as percentages of our total other net gains/(losses), for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Factoring costs for trade receivables	(25,657)	11.4	(32,457)	(37.4)	(20,464)	(16.8)
Net (losses)/gains on settlement of derivative instruments	(8,636)	3.8	—	—	6,280	5.1
Fair value changes in equity investments	(14,852)	6.6	(8,077)	(9.3)	(2,108)	(1.7)
Net foreign exchange gains	74,117	(32.9)	38,679	44.6	86,593	70.9
Net gains/(losses) on disposal of property, plant and equipment and other non-current assets	(24)	0.0	(4,834)	(5.6)	(305)	(0.2)
Gains from disposal of other non-current financial assets	2,606	(1.2)	1,257	1.5	—	—
Remeasurement gains in relation to the loss of control over a subsidiary	—	—	57,960	66.9	—	—
Gains from disposal of subsidiaries	—	—	40,782	47.1	—	—
Gains from disposal of associates	—	—	—	—	29,869	24.5
Settlement payment[1]	(221,197)	98.1	—	—	—	—
Litigation provision[2]	(24,790)	11.0	—	—	24,790	20.3
Others	(6,945)	3.1	(6,639)	(7.7)	(2,530)	(2.1)
Total	**(225,378)**	**100.0**	**86,671**	**100.0**	**122,125**	**100.0**

Notes:

(1) We reached a settlement in an arbitral proceeding and agreed to pay a settlement amount of RMB237,216,000, of which RMB16,019,000 had been recorded as a provision before 2023.

(2) Based on the progress of a legal proceeding, we made a provision for litigation compensation in 2023. In January 2026, we prevailed in the final verdict. As this favorable outcome constitutes a subsequent event that requires adjustment, we reversed the provision in 2025. See "Business — Legal Proceedings and Compliance — Legal Proceedings."

Comparison between 2025 and 2024. Our other net gains increased by 40.9% from RMB86.7 million in 2024 to RMB122.1 million in 2025, which was primarily attributable to an increase in net foreign exchange gains and gains from disposal of associates, partially offset by the decreases of (i) remeasurement gains in relation to the loss of control over a subsidiary and (ii) gains from disposal of subsidiaries.

Comparison between 2024 and 2023. We recorded other net gains of RMB86.7 million in 2024, as compared with other net losses of RMB225.4 million in 2023, which was primarily attributable to (i) the absence in 2024 of the one-off settlement payment and litigation provision recognized in 2023, and (ii) the recognition in 2024 of remeasurement gains in relation to the loss of control over a subsidiary and gains from disposal of subsidiaries, partially offset by higher factoring costs for trade receivables and lower net foreign exchange gains.

Finance (Costs)/Income, Net

The following table sets forth a breakdown of our finance (costs)/income, net, in absolute terms and as percentages of our total finance (costs)/income, net, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Finance income						
Interest income from financial assets held for cash management purposes	10,512	(25.2)	26,120	(104.7)	28,307	(104.3)
Finance costs						
Interest expenses on lease liabilities	(3,404)	8.2	(2,373)	9.5	(5,036)	18.6
Interest expenses on bank borrowings	(1,505)	3.6	(1,427)	5.7	—	—
Interest expenses on convertible bonds	(47,287)	113.4	(47,257)	189.5	(50,411)	185.7
Subtotal	(52,196)	125.2	(51,057)	204.7	(55,447)	204.3
Finance (cost)/income, net	**(41,684)**	**100.0**	**(24,937)**	**100.0**	**(27,140)**	**100.0**

Comparison between 2025 and 2024. Our net finance costs increased by 8.8% from RMB24.9 million in 2024 to RMB27.1 million in 2025. This increase was primarily attribute to (i) an increase in interest expenses on convertible bonds as a result of the accrual of interest under such instruments based on the effective interest method, and (ii) an increase in interest expenses on lease liabilities as a result of the expansion of our leased properties in line with business growth.

Comparison between 2024 and 2023. Our net finance costs decreased by 40.2% from RMB41.7 million in 2023 to RMB24.9 million in 2024. This decrease was mainly due to the increase in the interest income due to the increase of the cash and cash equivalents.

Income Tax Expenses

We recorded income tax expense of RMB27.2 million, RMB76.8 million, and RMB188.6 million in 2023, 2024, and 2025, respectively, and our effective tax rate (calculated as income tax expense divided by profit before tax) was 16.3%, 12.1%, and 17.5%, respectively, for the same periods. For details, see Note 11 to the Accountants' Report in Appendix I to this document. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Comparison between 2025 and 2024. Our income tax expense increased by 145.5% from RMB76.8 million in 2024 to RMB188.6 million in 2025 and our effective tax rate rose from 12.1% to 17.5%, primarily due to higher taxable profits and the expiration of preferential tax rates previously enjoyed by certain subsidiaries.

Comparison between 2024 and 2023. Our income tax expense increased by 182.2% from RMB27.2 million in 2023 to RMB76.8 million in 2024, primarily due to higher profitability. The effective tax rate decreased from 16.3% to 12.1%, primarily due to (i) the increased share of taxable profits from our Vietnam subsidiaries, which enjoyed preferential tax treatment; and (ii) the additional tax benefits arising from R&D super deductions.

Profit for the Year

As a result of the foregoing, our profit increased by 301.0% from RMB139.7 million in 2023 to RMB560.3 million in 2024, and by 58.9% from RMB560.3 million in 2024 to RMB890.5 million in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations, borrowings and shareholder contributions. After the **[REDACTED]**, we intend to finance our future capital requirements through cash generated from our business operations, the net **[REDACTED]** from the **[REDACTED]**, and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, our available banking facilities, cash flows from operating activities and net **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for at least 12 months from the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated.

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	431,064	747,517	591,285
Net cash used in investing activities	(224,792)	(241,272)	(71,668)
Net cash used in financing activities	(177,429)	(293,005)	(670,753)
Net increase/(decrease) in cash and cash equivalents	**28,843**	**213,240**	**(151,136)**
Cash and cash equivalents at the beginning of the period	1,431,876	1,474,409	1,709,959
Effects of exchange rate changes on cash and cash equivalents	13,690	22,310	11,875
Cash and cash equivalents at the end of the period	**1,474,409**	**1,709,959**	**1,570,698**

Net Cash Generated from Operating Activities

Our cash flows from operating activities reflect our profit before tax adjusted for: (i) non-cash or non-operating items (such as depreciation of property, plant and equipment and interest income); (ii) the effects of movement in working capital (such as inventories, trade receivables, contract liabilities and trade and other payables); and (iii) other cash items (such as tax paid).

In 2025, we had net cash generated from operating activities of RMB591.3 million, which primarily consisted of profit before income tax of RMB1,079.1 million, adjusted for non-cash and non-operating items including depreciation and amortization of non-current assets of RMB200.0 million, share-based compensation expenses of RMB115.1 million, finance costs of RMB55.4

million, net impairment losses on financial assets of RMB33.3 million, impairment provision for inventories and development expenditure of RMB11.3 million. These were partially offset by net foreign exchange gains of RMB86.6 million, interest income of RMB34.0 million, and net share of profit of associates of RMB31.8 million. The amount was further adjusted by changes in working capital, mainly including (i) an increase in inventories of RMB509.9 million, (ii) an increase in payables of RMB142.0 million, and (iii) an increase in receivables of RMB287.7 million. After taking into account these working capital movements, cash generated from operations amounted to RMB659.0 million. After further adding interest received of RMB28.3 million and deducting income tax paid of RMB96.0 million, net cash generated from operating activities amounted to RMB591.3 million for the period.

In 2024, we had net cash generated from operating activities of RMB747.5 million. This primarily consisted of profit before income tax of RMB637.2 million, adjusted for non-cash and non-operating items including depreciation and amortization of RMB177.0 million, finance costs of RMB51.1 million, impairment provision for inventories and development expenditure of RMB93.2 million, net impairment losses on financial assets of RMB23.5 million, share-based compensation expenses of RMB15.7 million and fair value losses on financial instruments of RMB8.1 million, partially offset by interest income of RMB26.1 million, remeasurement gains in relation to the loss of control over a subsidiary of RMB58.0 million, gains from the disposal of a subsidiary of RMB40.8 million, gains from the disposal of other non-current financial assets of RMB1.3 million, share of profit of associates of RMB11.1 million and net foreign exchange gains of RMB38.7 million. These adjustments were further impacted by changes in working capital, mainly including (i) an increase in payables of RMB271.1 million, (ii) an increase in receivables of RMB179.4 million and (iii) an increase in inventories of RMB111.8 million. After reflecting these movements, cash generated from operations amounted to RMB836.7 million for the year. After further adding interest received of RMB24.7 million and deducting income tax paid of RMB113.9 million, net cash generated from operating activities amounted to RMB747.5 million for the year ended December 31, 2024.

In 2023, we had net cash generated from operating activities of RMB431.1 million, which primarily consisted of profit before income tax of RMB166.9 million, adjusted for non-cash and non-operating items including depreciation and amortization of RMB153.3 million, finance costs of RMB52.2 million, net losses on disposal of financial instruments of RMB8.6 million, net foreign exchange gains of RMB74.1 million, fair value losses on financial instruments of RMB14.9 million, net impairment losses on financial assets of RMB17.8 million, share-based compensation expenses of RMB4.8 million and impairment provision for investments in associates of RMB1.4 million, partially offset by interest income of RMB14.0 million and gains from the disposal of other non-current financial assets of RMB2.6 million. These adjustments were further impacted by changes in working capital, mainly including (i) an increase in payables of RMB280.1 million, (ii) an increase in receivables of RMB151.1 million and (iii) an increase in inventories of RMB30.0 million.

Net Cash Used in Investing Activities

In 2025, our net cash used in investing activities was RMB71.7 million, which consisted primarily of (i) placement of wealth management products of RMB1,797.3 million, and (ii) payments for purchases of property, plant and equipment, intangible assets and other non-current assets of RMB132.0 million and partially offset by withdrawals of term deposits and wealth-management products of RMB1,803.0 million.

In 2024, our net cash used in investing activities was RMB241.3 million, which consisted primarily of (i) payments for purchases of property, plant and equipment, intangible assets and other non-current assets of RMB150.5 million and (ii) a net cash outflow of RMB103.0 million from the loss of control over a subsidiary, partially offset by (i) withdrawals of wealth-management products of RMB40.0 million and (ii) proceeds from disposal of equity instruments at fair value through profit or loss of RMB8.5 million.

In 2023, our net cash used in investing activities was RMB224.8 million, which consisted primarily of (i) placements of wealth-management products of RMB1,830.0 million and (ii) payments for purchases of property, plant and equipment, intangible assets and other non-current assets of RMB215.8 million, partially offset by (i) withdrawals of wealth-management products of RMB1,833.4 million and (ii) proceeds from disposal of equity instruments at fair value through profit or loss of RMB5.6 million.

Net Cash Used in Financing Activities

In 2025, our net cash flows used in financing activities was RMB670.8 million, which consisted primarily of (i) dividends paid to our Company's shareholders of RMB605.7 million, (ii) payments for repurchase of shares of RMB100.2 million, (iii) principal elements of lease payments of RMB18.5 million, and (iv) interests paid of RMB17.8 million, partially offset by proceeds from share schemes of RMB50.4 million.

In 2024, our net cash flows used in financing activities was RMB293.0 million, which consisted primarily of (i) dividends paid to our Company's shareholders of RMB352.7 million and (ii) payments for repurchase of shares of RMB146.7 million, partially offset by proceeds from borrowings of RMB200.0 million and transaction with non-controlling interests of RMB35.6 million.

In 2023, our net cash flows used in financing activities was RMB177.4 million, which consisted primarily of (i) repayments of borrowings of RMB150.0 million, (ii) principal elements of lease payments of RMB18.0 million, and (iii) interest payments of RMB8.9 million.

SELECTED BALANCE SHEET ITEMS

Current Assets/Liabilities

The following table sets out our current assets and 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 Assets				
Inventories	1,118,538	1,151,135	1,668,239	1,749,089
Trade and notes receivables	710,772	871,681	1,141,082	1,091,236
Prepayments and other receivables	158,364	155,829	135,850	154,553
Wealth management products	—	—	—	265,000
Restricted cash	16,721	118,718	111,144	117,870
Cash and cash equivalents	1,474,409	1,709,959	1,570,698	1,602,484
Other current assets	223,340	237,444	328,433	392,195
Total current assets	**3,702,144**	**4,244,766**	**4,955,446**	**5,372,427**
Current liabilities				
Borrowings	3,034	5,866	8,798	15,195
Trade and notes payables	204,255	466,320	558,504	681,416
Contract liabilities	312,156	381,715	476,717	451,889
Lease liabilities	23,971	27,423	53,927	43,321

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Current income tax liabilities	29,837	48,330	39,443	21,759
Rental received in advance	977	951	671	336
Accruals and other payables	416,367	384,452	448,491	420,595
Provisions	22,869	23,598	36,045	38,614
Other current liabilities	594	3,777	3,949	525
Total current liabilities	**1,014,060**	**1,342,432**	**1,626,545**	**1,673,650**
Net current assets	**2,688,084**	**2,902,334**	**3,328,901**	**3,698,777**

Comparison between April 30, 2026 and December 31, 2025. Our net current assets increased from RMB3,328.9 million as of December 31, 2025 to RMB3,698.8 million as of April 30, 2026, primarily due to (i) the placement of RMB265.0 million in wealth management products as part of our treasury management to enhance returns on idle funds, (ii) an increase of RMB80.9 million in inventories, from RMB1,668.2 million as of December 31, 2025 to RMB1,749.1 million as of April 30, 2026, mainly due to inventory stocking to support our business growth and strategic stocking in anticipation of rising storage chip prices, and (iii) an increase of RMB63.8 million in other current assets, from RMB328.4 million as of December 31, 2025 to RMB392.2 million as of April 30, 2026, mainly due to an increase in deductible input VAT resulting from increased procurement; partially offset by (i) an increase of RMB122.9 million in trade and notes payables, from RMB558.5 million as of December 31, 2025 to RMB681.4 million as of April 30, 2026, mainly due to increased procurement in connection with the inventory stocking described above, and (ii) a decrease of RMB49.8 million in trade and notes receivables, from RMB1,141.1 million as of December 31, 2025 to RMB1,091.2 million as of April 30, 2026, mainly due to our continued strengthening of receivables management, including enhanced collection of customer payments and improved sales collection efficiency.

Comparison between December 31, 2025 and December 31, 2024. Our net current assets increased from RMB2,902.3 million as of December 31, 2024 to RMB3,328.9 million as of December 31, 2025, primarily due to (i) an increase of RMB517.1 million in inventories from RMB1,151.1 million as of December 31, 2024 to RMB1,668.2 million as of December 31, 2025, mainly as a result of inventory stock-up ahead of delivery cycle in 2025, and (ii) an increase of RMB269.4 million in trade and notes receivables, from RMB871.7 million as of December 31, 2024 to RMB1,141.1 million as of December 31, 2025, primarily due to increased sales volume of our products; partially offset by (i) a decrease of RMB139.3 million in cash and cash equivalents, from RMB1,710.0 million as of December 31, 2024 to RMB1,570.7 million as of December 31, 2025, mainly due to increased working capital requirements, and (ii) an increase of RMB95.0 million in contract liabilities, from RMB381.7 million as of December 31, 2024 to RMB476.7 million as of December 31, 2025, mainly due to an increase in advance payments received from customers.

Comparison between December 31, 2023 and December 31, 2024. Our net current assets increased from RMB2,688.1 million as of December 31, 2023 to RMB2,902.3 million as of December 31, 2024, primarily due to (i) an increase of RMB235.6 million in cash and cash equivalents, from RMB1,474.4 million as of December 31, 2023 to RMB1,710.0 million as of December 31, 2024, mainly due to improved operating cash inflows, and (ii) an increase of RMB102.0 million in restricted cash, from RMB16.7 million as of December 31, 2023 to RMB118.7 million as of December 31, 2024, primarily due to higher guarantee deposits placed with banks for issuance of notes payable; partially offset by (i) an increase of RMB262.1 million in trade and notes payables, from RMB204.3 million as of December 31, 2023 to RMB466.3 million as of December 31, 2024, mainly due to higher procurement and operational expenditures, and (ii) an increase of RMB69.6 million in contract liabilities, from RMB312.2 million as of December 31, 2023 to RMB381.7 million as of December 31, 2024, primarily due to increased advance payments from customers.

Inventories

The following table sets forth our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	554,928	337,796	416,710
Work in progress	188,378	198,237	240,932
Finished goods	464,109	783,137	1,171,412
	1,207,415	1,319,170	1,829,054
Less: provision for impairment	(88,877)	(168,035)	(160,815)
Total	**1,118,538**	**1,151,135**	**1,668,239**

From December 31, 2023 to December 31, 2024, our inventories increased from RMB1,118.5 million to RMB1,151.1 million, primarily due to (i) an increase of RMB319.0 million in finished goods inventories, from RMB464.1 million to RMB783.1 million, mainly as a result of pre-stocking ahead of expected order growth, and (ii) an increase of RMB9.9 million in work-in-progress, from RMB188.4 million to RMB198.2 million, reflecting ramp-up of production lines for new product launches.

From December 31, 2024 to December 31, 2025, our inventories increased significantly to RMB1,668.2 million, primarily due to (i) an increase of RMB388.3 million in finished goods, as a result of stock-up ahead of delivery cycle in 2025, (ii) an increase of RMB78.9 million in raw materials, in order to meet growing demand for our products, and (iii) an increase of RMB42.7 million in work-in-progress, from RMB198.2 million to RMB240.9 million, primarily driven by an increase in demand for our products.

As of December 31, 2023, 2024 and 2025, our provision for impairment of inventories amounted to RMB88.9 million, RMB168.0 million and RMB160.8 million, respectively. Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. We assess impairment of inventories periodically during the Track Record Period and record write-downs when inventories become obsolete, damaged or their selling prices decline and their realizable value falls significantly. We believe that sufficient allowance for impairment of inventories has been made.

The following table sets forth an aging analysis of inventories.

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Within one year	900,153	1,095,217	1,571,888
One to two years	191,049	127,295	130,571
Over two years	116,213	96,658	126,595
Total	**1,207,415**	**1,319,170**	**1,829,054**

Impairment in respect of certain inventories have been fully provided for in the relevant financial periods in accordance with applicable accounting standards. As of December 31, 2025, sufficient allowance for impairment of inventories has been made.

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

	Year Ended December 31,		
	2023	**2024**	**2025**
Inventory turnover days(1)	263	221	237

Note:

(1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of a given year divided by cost of revenue for that corresponding year and multiplied by 360 days for 2023 and 2024 and 2025.

Our inventory turnover days decreased from 263 days in 2023 to 221 days in 2024, primarily due to (i) a more efficient inventory management and faster sales of finished goods, and (ii) an optimization of work-in-progress levels and raw material usage, which reduced the overall time inventory remained on hand.

Our inventory turnover days increased from 221 days in 2024 to 237 days in 2025, primarily due to proactive inventory build-up undertaken in response to changes in tariff policies, resulting in higher levels of raw materials, work-in-progress and finished goods during the period.

As of April 30, 2026, RMB679.1 million, or 40.7%, of our inventories as of December 31, 2025 had been sold or utilized.

We have progressively improved our inventory management efficiency during the Track Record Period. We have taken active steps to reduce inventory holding levels and accelerate inventory turnover. These measures include: (i) enhancing demand forecasting accuracy through closer coordination among our sales, marketing and supply chain teams, thereby aligning production planning with actual market demand; (ii) optimizing procurement and production cycles to reduce excessive safety stock and avoid overproduction; and (iii) increasing sales of our higher-turnover products, which contributed to faster movement of finished goods and improved overall inventory utilization. We believe that by maintaining optimal inventory levels, we can meet our consumer demand and ensure their satisfaction without compromising our liquidity.

In addition, inventory write-downs during the Track Record Period were mainly attributable to normal business factors such as product upgrades, changes in customer preferences and the phasing out of certain legacy models, rather than structural deficiencies in our inventory management. We have established internal review mechanisms to regularly assess inventory ageing and obsolescence risks and make timely provisions where appropriate.

Trade and Notes Receivables

Our trade and notes receivables represent amounts due from customers for goods sold or services rendered in the ordinary course of business, as well as notes receivable issued by customers to settle such amounts. The following table sets forth the aging analysis of the trade and notes receivables based on the invoice date and net of loss allowance as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	782,787	965,763	1,268,948
Notes receivables	5,584	4,926	3,319
Less: credit loss allowance	(77,599)	(99,008)	(131,185)
Total	**710,772**	**871,681**	**1,141,082**

As of December 31, 2023, 2024 and 2025, our trade and notes receivables amounted to RMB710.8 million, RMB871.7 million and RMB1,141.1 million, respectively. The increase from December 31, 2023 to December 31, 2024 was primarily due to an increase of RMB183.0 million in trade receivables, from RMB782.8 million to RMB965.8 million, mainly as a result of business expansion and higher sales volume of our products during the year. The further increase from December 31, 2024 to December 31, 2025 was mainly due to an increase of RMB303.1 million in trade receivables, from RMB965.8 million as of December 31, 2024 to RMB1,268.9 million as of December 31, 2025, which was in line with our increased sales in 2025.

As of December 31, 2023, 2024 and 2025, we recorded expected credit loss allowances of RMB77.6 million, RMB99.0 million and RMB131.2 million, respectively. The increase from December 31, 2023 to December 31, 2024 reflected a higher balance of trade receivables and provisions for long-aged balances. The increase from December 31, 2024 to December 31, 2025 was primarily due to the overall growth in receivable balances.

We assess the recoverability of trade and notes receivables on a regular basis, considering factors such as the aging profile, creditworthiness of customers and historical loss experience. We believe that the allowance for expected credit losses as of each reporting date was adequate to cover potential unrecoverable amounts.

The following table sets forth an aging analysis of our trade receivables based on revenue recognition date as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	728,874	894,533	1,176,827
One to two years	38,623	38,217	44,289
Over two years	15,290	33,013	47,832
Total	**782,787**	**965,763**	**1,268,948**

The following table sets forth our trade and notes receivables turnover days for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Trade and notes receivable turnover days[(1)].	78	72	75

Note:

(1) Trade and notes receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant year, divided by the revenue for the same year and multiplied by 360 days for 2023, 2024 and 2025.

Our trade and notes receivables turnover days decreased from 78 days in 2023 to 72 days in 2024, primarily due to improved collection efficiency and enhanced receivables management.

Our trade and notes receivables turnover days remained stable at 72 days in 2024 and 75 days in 2025.

During the Track Record Period, we did not experience any significant losses associated with our trade receivables, and the fluctuation in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of April 30, 2026, RMB895.6 million, or 78.5%, of our trade and notes receivables as of December 31, 2025, had been settled.

We have continuously strengthened our credit control policies and receivables management practices. Key measures include: (i) implementing differentiated credit terms based on customer credit profiles and transaction history; and (ii) enhancing post-sales collection efforts and internal monitoring of overdue balances.

Prepayments and Other Receivables — Current

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepayments for raw materials	57,862	66,004	61,476
Prepayments for operating expenses	28,103	26,304	30,522
Others	15,236	8,973	14,021
Other receivables:			
Deposits	21,626	18,006	18,663
Export tax refund	25,302	4,001	5,000
Receivables due from partial disposal of a subsidiary	—	24,420	—
Advance to staff	15,705	13,191	11,864
Less: provision for impairment	(5,470)	(5,070)	(5,696)
Total	**158,364**	**155,829**	**135,850**

Our prepayments and other receivables decreased from RMB158.4 million as of December 31, 2023 to RMB155.8 million as of December 31, 2024, primarily due to (i) a decrease of RMB21.3 million in export tax refund receivables, from RMB25.3 million to RMB4.0 million, mainly because of refunds received during the year, and (ii) a decrease of RMB6.2 million in other prepayments, from RMB15.2 million to RMB9.0 million, mainly due to the collection and settlement of prior advances; partially offset by the recognition of RMB24.4 million in other receivables, arising from the disposal of certain subsidiary during 2024.

Our prepayments and other receivables decreased from RMB155.8 million as of December 31, 2024 to RMB135.9 million as of December 31, 2025, primarily due to a decrease of RMB24.4 million in receivables due from partial disposal of a subsidiary, from RMB24.4 million to nil, as the disposal proceeds was fully collected in 2025.

As of April 30, 2026, RMB67.4 million, or 49.6%, of our prepayments and other receivables as of December 31, 2025, had been settled.

Restricted Cash

Our restricted cash increased from RMB16.7 million as of December 31, 2023 to RMB118.7 million as of December 31, 2024. The increase was primarily due to the additional guarantee deposits placed for notes payable and performance guarantees, as well as higher amounts of security deposits required by customs, in line with our expanding business scale.

Our restricted cash decreased from RMB118.7 million as of December 31, 2024 to RMB111.1 million as of December 31, 2025. The decrease was primarily due to a reduction in certain guarantee deposits as some notes payables were settled in the ordinary course of business.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB1,474.4 million as of December 31, 2023 to RMB1,710.0 million as of December 31, 2024. The increase was primarily due to higher cash inflows from customer payments and settlements of bank-accepted notes, as well as improved cash management efficiency, partially offset by capital expenditures for production capacity.

Our cash and cash equivalents decreased from RMB1,710.0 million as of December 31, 2024 to RMB1,570.7 million as of December 31, 2025. The decrease was primarily due to cash outflows relating to share repurchases and dividend payments in 2025, partially offset by stable operating cash inflows from operating activities.

Other Current Assets

Our other current assets consist of (i) deductible input VAT, (ii) prepaid tax, (iii) asset for the right to returned products costs and (iv) **[REDACTED]** expenses to be capitalized. The following table sets forth a breakdown of our other current assets as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deductible input VAT	183,327	171,399	272,075
Prepaid tax	39,344	64,684	34,819
Asset for the right to returned products	669	1,361	4,120
[REDACTED] expenses to be capitalized	—	—	**[REDACTED]**
Total	**223,340**	**237,444**	**[REDACTED]**

Our other current assets increased from RMB223.3 million as of December 31, 2023 to RMB237.4 million as of December 31, 2024. The increase was primarily due to (i) an increase of RMB25.4 million in prepaid tax, from RMB39.3 million to RMB64.7 million, mainly resulting from higher income tax prepayments, and (ii) an increase of RMB0.7 million in asset for the right to returned products, from RMB0.7 million to RMB1.4 million, partially offset by (iii) a decrease of RMB11.9 million in deductible input VAT, from RMB183.3 million to RMB171.4 million, due to the utilization of input VAT credits.

Our other current assets increased from RMB237.4 million as of December 31, 2024 to RMB328.4 million as of December 31, 2025. The increase was primarily due to (i) an increase of RMB100.7 million in deductible input VAT, from RMB171.4 million to RMB272.1 million, mainly attributable to increased procurement activities in 2025, and (ii) an increase in **[REDACTED]** expenses to be capitalized of RMB**[REDACTED]**, partially offset by a decrease of RMB29.9 million in prepaid tax, from RMB64.7 million to RMB34.8 million, as a result of the utilization of previously prepaid taxes.

Borrowings — Current

Our current borrowings consist of interest payables for convertible bonds, which increased from RMB3.0 million as of December 31, 2023 to RMB5.9 million as of December 31, 2024 and further to RMB8.8 million as of December 31, 2025, primarily due to the increase in interest payables of the convertible bonds.

Trade and Notes Payables

The following table sets forth a breakdown of our trade and notes payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
Trade payables	204,255	316,951	372,148
Notes payables	—	149,369	186,356
Total	**204,255**	**466,320**	**558,504**

Our trade and notes payables increased from RMB204.3 million as of December 31, 2023 to RMB466.3 million as of December 31, 2024, primarily due to (i) the recognition of RMB149.4 million in notes payables, reflecting the use of bank-accepted notes as a settlement method with suppliers, and (ii) an increase of RMB112.7 million in trade payables, from RMB204.3 million to RMB317.0 million, mainly resulting from increased purchases of materials and components to support higher production volume.

Our trade and notes payables increased from RMB466.3 million as of December 31, 2024 to RMB558.5 million as of December 31, 2025, primarily due to (i) an increase of RMB55.1 million in trade payables, from RMB317.0 million to RMB372.1 million, mainly attributable to higher procurement activities, as part of our proactive sourcing plan in response to potential impact from tariff policies in 2025, and (ii) an increase of RMB37.0 million in notes payables, from RMB149.4 million to RMB186.4 million, mainly due to the continued use of bank-accepted notes to improve cash flow management.

The following table sets forth an aging analysis of our trade and notes payables based on invoice date as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 years	196,447	311,746	364,642
Over 1 year	7,808	5,205	7,506
Total	**204,255**	**316,951**	**372,148**

The following table sets forth our trade and notes payables turnover days for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Trade and notes payable turnover days(1)	47	65	86

Note:

(1) Trade and notes payables turnover days are calculated using the average of opening balance and closing balance of trade and notes payables for a year divided by our cost of revenue for the relevant year and multiplied by 360 days for 2023 and 2024 and 2025.

Our trade and notes payables turnover days increased from 47 days in 2023 to 65 days in 2024, mainly due to the commencement use of notes payable for supplier settlements, which typically result in longer payment terms compared with ordinary trade payables.

Our trade and notes payables turnover days increased from 65 days in 2024 to 86 days in 2025, primarily due to (i) our further increased use of notes payable as a settlement method, and (ii) an increase in procurement of raw materials and components, which led to higher trade and notes payables balances while payment cycles did not accelerate correspondingly during the period.

As of April 30, 2026, RMB303.5 million, or 54.3%, of total trade and notes payables as of December 31, 2025, had been subsequently settled.

We maintain diversified and flexible settlement arrangements with our suppliers. While our trade and notes payables turnover days fluctuated during the Track Record Period, such fluctuations were primarily driven by changes in settlement methods rather than liquidity constraints. In particular, the increase in our trade and notes payables turnover days during the Track Record Period was mainly due to our increased use of notes payable for supplier settlements, which typically provide longer payment terms compared with ordinary trade payables. We maintain stable and long-term relationships with our major suppliers and are able to negotiate payment terms that are aligned with our operating cycle and cashflow needs.

We adopt a prudent treasury management approach and conduct regular cashflow forecasting to ensure sufficient liquidity to meet our operational and capital expenditure requirements. We have historically maintained adequate cash and cash equivalents and access to banking facilities to support our working capital needs. Based on the foregoing measures and our historical operating performance, we believe that we are able to effectively manage our working capital and do not face material liquidity pressure arising from any cashflow mismatch during the Track Record Period.

Contract Liabilities — Current

Our current contract liabilities increased from RMB312.2 million as of December 31, 2023 to RMB381.7 million as of December 31, 2024, and further increased to RMB476.7 million as of December 31, 2025. The overall increase was primarily driven by the rapid growth of our software-related business, which typically involves advance billings and longer contractual service periods. As a result, a higher level of consideration was received from customers in advance and remained unrecognized as revenue as of the relevant dates, leading to an increase in our current contract liabilities.

As of April 30, 2026, RMB253.7 million, or 53.2%, of our contract liabilities as of December 31, 2025 had been subsequently recognized as revenue.

Current Income Tax Liabilities

Our current income tax liabilities increased from RMB29.8 million as of December 31, 2023 to RMB48.3 million as of December 31, 2024. The increase was primarily due to further growth in taxable income driven by increased sales and improved profitability.

Our current income tax liabilities decreased from RMB48.3 million as of December 31, 2024 to RMB39.4 million as of December 31, 2025. The decrease was primarily due to the settlement of income tax payables.

Accruals and Other Payables

The following table sets forth a breakdown of our accruals and other payables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and benefits	154,154	232,239	293,264
Deposits payables	2,455	2,563	2,988
Other tax payables	20,850	26,110	21,310
Liquidated damages and settlement compensation	160,921	—	—
Professional service fees	36,784	62,158	80,793
Freight and customs clearance fees	14,925	24,613	24,536
Others	26,278	36,769	25,600
Total	**416,367**	**384,452**	**448,491**

Our accruals and other payables decreased from RMB416.4 million as of December 31, 2023 to RMB384.5 million as of December 31, 2024, primarily due to (i) the settlement of RMB160.9 million of liquidated damages and compensation recognized in 2023, partially offset by (i) an increase of RMB78.0 million in salaries, wages and benefits, from RMB154.2 million to RMB232.2 million, resulting from headcount growth and higher employee incentive expenses and (ii) an increase of RMB25.4 million in professional service fees, from RMB36.8 million to RMB62.2 million.

Our accruals and other payables increased from RMB384.5 million as of December 31, 2024 to RMB448.5 million as of December 31, 2025, primarily due to an increase of RMB61.1 million in salaries, wages and benefits, from RMB232.2 million to RMB293.3 million, reflecting an increase in bonus for R&D personnel.

Non-current Assets and Liabilities

The following table sets out our non-current assets and liabilities 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	1,291,886	1,313,118	1,300,723
Right-of-use assets	83,179	66,353	265,199
Deferred tax assets	291,742	321,972	257,536
Intangible assets	161,449	166,350	237,823
Investments in associates	—	46,871	500
Other financial assets at fair value through profit or loss	23,606	7,021	4,913
Prepayments and other receivables	—	—	64,921
Other non-current assets	22,841	18,284	49,270
Total non-current assets	**1,874,703**	**1,939,969**	**2,180,885**
Non-current liabilities			
Borrowings	1,131,953	1,169,948	1,204,602
Lease liabilities	43,287	25,115	201,824
Deferred tax liabilities	75,689	75,689	75,689
Deferred income	5,118	2,835	5,545
Contract liabilities	123,470	241,980	447,657
Provisions	25,808	26,828	7,167
Total non-current liabilities	**1,405,325**	**1,542,395**	**1,942,484**

Property, Plant and Equipment

The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Buildings	1,069,776	1,040,120	1,013,072
Electronic devices	45,374	71,879	77,089
Motor vehicles	16,393	17,135	18,093
Other equipment	145,357	168,489	178,673
Construction in progress	1,641	62	—
Leasehold improvement	13,345	15,433	13,796
Total	**1,291,886**	**1,313,118**	**1,300,723**

The carrying amount of our property, plant and equipment increased slightly from RMB1,291.9 million as of December 31, 2023 to RMB1,313.1 million as of December 31, 2024, primarily due to (i) an increase of RMB26.5 million in electronic devices, from RMB45.4 million to RMB71.9 million, mainly as a result of the purchase of new equipment for research and development, (ii) an increase of RMB23.1 million in other equipment, from RMB145.4 million to

RMB168.5 million, reflecting continued investment in production equipment and R&D investment, partially offset by a decrease of RMB29.7 million in buildings, from RMB1,069.8 million to RMB1,040.1 million, mainly due to accumulated depreciation.

The carrying amount of our property, plant and equipment remained generally stable, decreasing slightly from RMB1,313.1 million as of December 31, 2024 to RMB1,300.7 million as of December 31, 2025, primarily due to (i) a decrease of RMB27.0 million in buildings, from RMB1,040.1 million to RMB1,013.1 million, mainly due to depreciation during the period, and (ii) a decrease of RMB1.6 million in leasehold improvement, from RMB15.4 million to RMB13.8 million, primarily due to accumulated depreciation, partially offset by (i) an increase of RMB10.2 million in other equipments, from RMB168.5 million to RMB178.7 million, reflecting continued procurement of production equipment and R&D investment to support business expansion, and (ii) an increase of RMB5.2 million in electronic devices, from RMB71.9 million to RMB77.1 million, mainly due to the purchase of new equipment for research and development.

Right-of-use Assets

Our right-of-use assets consist of (i) land use right, (ii) buildings and (iii) motor vehicles.

Our right-of-use assets decreased from RMB83.2 million as of December 31, 2023 to RMB66.4 million as of December 31, 2024, primarily due to depreciation of existing lease assets during the year.

Our right-of-use assets increased from RMB66.4 million as of December 31, 2024 to RMB265.2 million as of December 31, 2025, primarily due to the new leases for our Mexico production base, partially offset by depreciation charges recognized during the period and the amortization of land use rights.

Intangible assets

Our intangible assets consist of (i) patent right, (ii) trademark, (iii) non-patent technology, (iv) software and (v) capitalized development costs.

As of December 31, 2023, 2024, and 2025, our intangible assets were RMB161.4 million, RMB166.4 million and RMB237.8 million, respectively. Such increase was primarily due to the continuous capitalization of research and development expenditures, as well as the recognition of new non-patent technologies during the Track Record Period, reflecting our ongoing investment in intellectual property and technology innovation to support product development and business expansion.

Contract liabilities — Non-current

Our non-current contract liabilities were primarily in relation to provision of services. As of December 31, 2023, 2024 and 2025, our non-current contract liabilities amounted to RMB123.5 million, RMB242.0 million, and RMB447.7 million, respectively. The continuous increase in our non-current contract liabilities was mainly attributable to the substantial growth in long-term software service purchases, reflecting the higher customer retention and stickiness of our software products, as well as an increasing volume of software renewal arrangements with extended service periods.

Financial Assets at Fair Value Through Profit or Loss

Our investments in financial assets at fair value through profit or loss primarily consist of wealth management products purchased from financial institutions for short-term liquidity management and enhancement of returns on surplus cash, rather than for speculative trading.

Management Expertise

Our treasury and finance functions are overseen by senior management members with extensive experience in corporate finance, treasury management and financial risk management. The relevant personnel are responsible for monitoring market conditions, assessing risk exposures and ensuring that any investments in financial assets at fair value through profit or loss are conducted in accordance with our internal policies and risk appetite.

Investment Policies and Strategies

We have established internal investment policies governing investments in financial assets at fair value through profit or loss. Under such policies, we adopt a prudent and conservative investment strategy, and our investments are generally limited to low-risk and highly liquid financial products, such as structured deposits and wealth management products issued by reputable financial institutions. We do not engage in speculative trading or high-risk financial investments. Our investment decisions are made with due consideration of factors including liquidity needs, expected returns, risk profile, tenor and counterparty credit quality, and are aligned with our overall cashflow planning and treasury management objectives.

Internal Control Mechanisms

We have implemented internal control mechanisms to manage risks associated with such investments. These include, among others: (i) clearly defined approval authorities and segregation of duties among investment decision-making, execution and settlement functions; (ii) internal limits on investment size, tenor and exposure to individual financial institutions (including position limits), to ensure that no excessive concentration risk is assumed; and (iii) regular monitoring and reporting of investment performance and fair value changes to senior management and (iv) dedicated internal control policies and procedures governing foreign exchange derivatives transactions, under which all such transactions are subject to strict approval, execution and monitoring requirements, and we will strictly comply with such internal control measures.

Board Approval and Listing Rules Compliance

Investments in financial assets at fair value through profit or loss are subject to internal approval procedures. Depending on the size and nature of the investment, prior approval from senior management and/or the Board is required in accordance with our internal policies. Following the **[REDACTED]**, any investment in financial assets at fair value through profit or loss will be conducted in compliance with the applicable requirements under Chapter 14 of the Listing Rules, and where necessary, appropriate announcements, circulars and/or shareholders' approval will be obtained.

INDEBTEDNESS

The table below sets out the details 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				
Borrowings	3,034	5,866	8,798	15,195
Lease liabilities	23,971	27,423	53,927	43,321
Non-current				
Borrowings	1,131,953	1,169,948	1,204,602	1,215,313
Lease liabilities	43,287	25,115	201,824	112,850
Total	**1,202,245**	**1,228,352**	**1,469,151**	**1,386,679**

Borrowings

As of December 31, 2023, 2024, 2025 and April 30, 2026, our borrowings, including both current and non-current portions, amounted to RMB1,135.0 million, RMB1,175.8 million, RMB1,213.4 million and RMB1,230.5 million, respectively, solely representing unsecured RMB-denominated convertible bonds issued to finance our working capital and business expansion. Our outstanding convertible bonds ("**Autel Convertible Bonds**") were issued on July 8, 2022 in an aggregate principal amount of RMB1,280.0 million with an effective interest rate of approximately 4.05% for the liability component and a conversion period from January 16, 2023 to July 7, 2028. The conversion price of the Autel Convertible Bonds was adjusted from RMB34.73 per share to RMB21.98 per share during the Track Record Period following equity incentive and dividend distributions. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB618.6 million. For further information regarding our interest-bearing borrowings, see Note 27 to the Accountants' Report in Appendix I to this document.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirm that there was no default in payments of our liabilities, and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

Lease Liabilities

Our lease liabilities are in relation to leases of office premises, production facilities, warehouses and staff dormitories.

The decrease in our lease liabilities from RMB67.3 million as of December 31, 2023 to RMB52.5 million as of December 31, 2024 was primarily attributable to (i) the expiration and non-renewal of certain leases and (ii) regular repayments of lease liabilities, partially offset by the addition of new leases with shorter terms.

The increase in our lease liabilities from RMB52.5 million as of December 31, 2024 to RMB255.8 million as of December 31, 2025 was primarily attributable to (i) the recognition of new lease agreements for our Mexico production base as well as additional warehouse and office space to support business expansion, partially offset by (ii) repayments of lease liabilities during the first half of 2025.

For detailed information regarding our lease liabilities, see Note 18 to the Accountants' Report in Appendix I to this document.

No Other Outstanding Indebtedness

Except as disclosed above, as of April 30, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no adverse change in our indebtedness since April 30, 2026.

CONTINGENT LIABILITIES OR GUARANTEES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

CAPITAL EXPENDITURE

Our capital expenditures consisted of purchases of property, plant and equipment, intangible assets and other non-current assets, primarily used to (i) expand and upgrade our production and testing facilities, (ii) enhance our research and development capabilities through the acquisition of advanced equipment and software, and (iii) improve our information technology systems and office infrastructure. The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets	215,789	150,498	132,026

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities, equity and debt financing. We expect to incur capital expenditure in the near future, primarily to support the growth of our business. We expect to fund these capital expenditures with a combination of cash flow generated from operating activities, equity and debt financing and net **[REDACTED]** from the **[REDACTED]**. See "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" for further details about our planned capital expenditure. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB2.2 million, RMB2.1 million and RMB25.2 million, respectively, primarily in connection with capital expenditure.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	Year Ended December 31,		
	2023	**2024**	**2025**
Return on assets[1]	2.6%	9.5%	13.4%
Return on equity[2]	4.5%	17.4%	25.9%
Gross profit margin[3]	52.4%	52.9%	55.7%

Notes:

(1) Return on assets is calculated based on profit for the year divided by average balance of total assets at the beginning and the end of that year and multiplied by 100%.

(2) Return on equity is calculated based on profit for the year divided by average balance of total equity at the beginning and the end of that year multiplied by 100%.

(3) Gross profit margin is calculated based on revenue for the year divided by the difference between revenue and cost of sales multiplied by 100%.

Return on assets

Our return on assets increased from 2.6% in 2023 to 9.5% in 2024, and further to 13.4% in 2025, primarily due to a significant improvement in net profit driven by revenue growth, enhanced operating efficiency and margin expansion, particularly from our vehicle diagnostic and charging solutions.

Return on equity

Our return on equity increased from 4.5% in 2023 to 17.4% in 2024, and further to 25.9% in 2025, primarily due to a substantial increase in net profit attributable to shareholders, reflecting strong revenue growth and an increase in gross profit.

Gross profit margin

Our gross profit margin was 52.4%, 52.9% and 55.7% for 2023, 2024, and 2025, respectively. The changes in our gross profit margins during these periods primarily reflected variations in product mix, pricing and cost structure, as well as fluctuations in component and procurement costs. For details, see "— Results of Operations — Gross Profit and Gross Profit Margin."

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 40 to the Accountants' Report included in Appendix I, Our Directors confirm that these transactions were conducted in the ordinary and usual 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.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including market risks (such as foreign currency risk), credit risk and liquidity risk. See Note 3 to the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

DIVIDENDS

In 2023, 2024 and 2025, we declared cash dividends of nil, RMB352.7 million and RMB605.7 million, respectively. See Note 12 to the Accountants' Report in Appendix I for details. Currently, we do not have a fixed dividend distribution ratio and a formal dividend policy. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. As advised by our PRC Legal Advisor, any future net profit that we make may be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our distributable reserves amounted to RMB1,754.2 million.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly include (i) **[REDACTED]** expenses, such as **[REDACTED]** and **[REDACTED]**, and (ii) **[REDACTED]** expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total **[REDACTED]** expenses (based on the mid-point of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]**, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**. Among such estimated total **[REDACTED]**, we expect to pay **[REDACTED]** expenses of HK$**[REDACTED]**, professional fees for our legal advisors and Reporting Accountants of HK$**[REDACTED]** and other fees and expenses of HK$**[REDACTED]**. An estimated amount of HK$**[REDACTED]** for our **[REDACTED]** expenses, was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK$**[REDACTED]** is expected to be recognized directly as a deduction from equity upon the **[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** expenses of

RMB**[REDACTED]**, of which RMB**[REDACTED]** was charged to the consolidated statements of profit or loss as general and administrative expenses, and RMB**[REDACTED]** was recognised as other current assets and to be deducted from equity.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

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

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of our latest audited financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.