The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this Document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2023, 2024 and 2025 refer to the years ended December 31, 2023, 2024 and 2025, respectively.

OVERVIEW

We are a leader in intelligent control, evidenced by our global leadership in LCD controller boards. We also hold a leading position in the global commercial display industry with established market leadership in IFPDs for both education and enterprise collaboration applications.

We started from LCD controller boards and have since expanded into the broader market of intelligent control components, addressing a wide range of use cases with high growth potential, including household appliances (white goods), automotives, energy storage, as well as robotics components.

At the same time, we have established an ecosystem encompassing intelligent terminals and use-case specific solutions, offering a portfolio of commercial display products and systems, AV equipment and systems, computing solutions, and other related hardware and domain-specific AI-powered software solutions designed around key application scenarios, particularly in education and enterprise collaboration.

Our revenue increased by 11.0% from RMB20,172.6 million in 2023 to RMB22,401.2 million in 2024. Our revenue increased by 8.7% from RMB22,401.2 million in 2024 to RMB24,353.9 million in 2025. Our revenue increased by 23.9% from RMB5,004.6 million in the three months ended March 31, 2025 to RMB6,203.2 million in the three months ended March 31, 2026. We recorded net profit of RMB1,399.7 million, RMB1,036.1 million, RMB1,146.5 million and RMB252.8 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors. The followings are the principal factors that have affected, and are expected to continue to affect, our business, financial condition, results of operation and prospects.

Global Economic Conditions and Education and Enterprise-Related Spending

Our business and operating results are affected by the global economic conditions, including the overall global economic growth and level of per capita disposable income, international trade policies and tariffs, among other things, as our products and solutions are sold globally. Unfavorable changes in the global economic conditions and macrotrends, particularly, education and enterprise-related spending could negatively affect demand for our products and solutions and materially and adversely affect our results of operations.

Our education-related products and solutions are subject to fluctuations in demand that are influenced by the budgetary allocations and spending levels of schools, universities and other educational institutions, as well as by consumer discretionary spending. These factors are, in turn, affected by government policies, public funding priorities and broader macroeconomic conditions, which may have a material impact on our business, financial condition and results of operations. We believe that the adoption of digital education solutions remains relatively low in many overseas markets, indicating significant untapped potential. In addition, the broad trend of utilizing AI-powered devices and solutions in education is also expected to propel the adoption of our products, such as IFPDs and AV equipment, as part of digital education solutions.

Demand for our products and solutions for enterprise and industrial applications is influenced by the level of business spending, which is, in turn, affected by global economic conditions and business cycles. We see rising demand for smarter, more flexible, and diversified meeting and other solutions for enterprise and industrial applications, which we believe will continue to drive the growth and adoption of our products and solutions.

Demand for our intelligent control components is affected by consumer discretionary spending, which is in turn influenced by broader macroeconomic conditions. We see growth opportunities for our intelligent control components from high-potential sectors such as household appliances (white goods), automotives, energy storage and robotics components.

Expanding Our Offerings of Products and Solutions to Meet More Customer Needs

Our ability to continue to grow our business will depend on whether we can expand our offerings of products and solutions to satisfy the evolving demand of global customers. We have been continuously growing our portfolio of products and solutions to capture emerging opportunities from new markets or application scenarios. For example, we have expanded beyond LCD controller boards into the broader market of intelligent control components, such as household appliance (white goods) control components, and in 2023, 2024, 2025 and the three months ended March 31, 2026, revenue generated from household appliance (white goods) control components accounted for 5.2%, 7.7%, 10.3% and 12.5% of our total revenue in the same year/period, respectively. We also successfully expanded our portfolio of intelligent devices and solutions with the launch of the *MAXHUB* brand in 2017 for enterprise collaboration, and we have entered into the markets of automotive electronics control components and power electronics control components, exploring growth opportunities across the broader market of intelligent control components. As we expand our product portfolio to address more use cases, we can reach more customers.

We expect that our revenue from these new markets will grow in the future due to the anticipated development of these markets. Our ability to successfully capitalize on such development and acquire new customers in these markets will affect our business and financial condition.

Product Mix and Pricing

Our revenue and profitability are affected by the mix of our products and solutions. In line with our strategy of offering vertically integrated solutions to our customers, we have been expanding our product and solution offerings along the industry value chain. Our product offerings have expanded from LCD controller boards to the broader market of intelligent control components such as household appliance (white goods) control components, from commercial display products and systems to office and industrial computing solutions and further to AV equipment and systems. Our wide range of products and solutions have highly different selling price and margin profile. Even within the same category of products, we offer an extensive range of different products with varying prices and margin profiles.

Our profitability is also affected by our ability to price our products and solutions to achieve our intended profit margins. If we are unable to manage our portfolio of products and solutions or to price our products and solutions to achieve our desired profitability, our business and financial condition will be adversely affected.

Ability to Control Cost of Sales

Our cost of sales primarily consists of (i) cost of raw materials, primarily including chips, electronic components and display panels, and (ii) manufacturing costs, primarily including the fees paid to our production partners for outsourced manufacturing and costs associated with our self-owned smart manufacturing facility.

Our ability to control our cost of sales is crucial in maintaining our desired profitability. While we are able to source our raw materials through a variety of sources, if the availability of, or access to, or the cost of purchasing certain raw materials that we need to manufacture our products is adversely affected (for example, due to a decrease in the number of suppliers of such materials or a reduction in the overall availability of such materials, whether due to a lack of supply or increased demand from our competitors or fluctuations in market prices), we may have to pay more for these materials. As such, our ability to effectively manage raw material costs through measures such as improving production efficiencies and our ability to pass on price increases to customers will affect our profitability.

Research and Development Efforts and Achievements

Research and development are crucial to our sustained business growth as our competitiveness depends on our ability to develop and implement new technologies, products and production techniques to address evolving needs of our customers. Therefore, we have been investing and will continue to invest in research and development efforts. In 2023, 2024, 2025 and the three months ended March 31, 2026, our research and development expenses amounted to RMB1,422.5 million, RMB1,540.2 million, RMB1,588.0 million and RMB409.4 million, representing 7.1%, 6.9%, 6.5% and 6.6% of our total revenue in the same year/period, respectively.

Our research and development achievements affect our business in multiple ways, such as (i) whether we will be successful in maintaining our relationships with our existing customers and acquiring new customers to serve their evolving needs through new product features, such as AI-empowered solutions, and (ii) whether we can expand our portfolio of products and solutions to address more use cases. Our ability to successfully implement technologies resulting from our research and development to achieve our intended benefits will affect our results of operations.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with the IFRSs. All IFRSs that are effective for the accounting period beginning on January 1, 2024, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value. See Note 2 to "Appendix I — Accountants' Report."

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 4 to "Appendix I — Accountants' Report" to this Document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating 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 results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Note 5 to "Appendix I — Accountants' Report."

RESULTS OF OPERATIONS

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Revenue	**20,172,637**	**100.0**	**22,401,182**	**100.0**	**24,353,884**	**100.0**	**5,004,599**	**100.0**	**6,203,165**	**100.0**
Cost of sales	(15,220,640)	(75.5)	(17,713,185)	(79.1)	(19,573,557)	(80.4)	(3,991,450)	(79.8)	(4,941,018)	(79.7)
Gross profit	**4,951,997**	**24.5**	**4,687,997**	**20.9**	**4,780,327**	**19.6**	**1,013,149**	**20.2**	**1,262,147**	**20.3**
Other income	678,436	3.4	521,646	2.3	416,187	1.8	92,651	1.8	94,385	1.5
Other gains and losses, net	36,311	0.2	(3,870)	(0.0)	52,781	0.2	10,245	0.2	12,128	0.2
Provision for impairment losses	(165,117)	(0.8)	(142,351)	(0.6)	(173,202)	(0.7)	(72,375)	(1.4)	(111,555)	(1.8)
Selling expenses	(1,343,131)	(6.7)	(1,205,971)	(5.4)	(1,134,731)	(4.7)	(233,283)	(4.7)	(258,659)	(4.2)
Administrative expenses	(1,177,632)	(5.8)	(1,177,362)	(5.2)	(1,148,010)	(4.7)	(246,581)	(4.9)	(320,135)	(5.1)
Research and development expenses	(1,422,498)	(7.1)	(1,540,155)	(6.9)	(1,587,966)	(6.5)	(367,509)	(7.3)	(409,428)	(6.6)
Finance costs	(76,224)	(0.4)	(99,336)	(0.4)	(72,442)	(0.3)	(19,326)	(0.4)	(27,030)	(0.4)
Share of results of associates	6,483	0.0	6,118	0.0	35,198	0.1	4,462	0.1	6,708	0.1
Profit before tax	**1,488,625**	**7.3**	**1,046,716**	**4.7**	**1,168,142**	**4.8**	**181,433**	**3.6**	**248,561**	**4.0**
Income tax (expenses)/credits	(88,892)	(0.4)	(10,568)	(0.1)	(21,596)	(0.1)	4,774	0.1	4,208	0.1
Profit for the year/period	**1,399,733**	**6.9**	**1,036,148**	**4.6**	**1,146,546**	**4.7**	**186,207**	**3.7**	**252,769**	**4.1**
Attributable to										
Owners of the parent	1,370,001	6.8	970,956	4.3	1,013,445	4.2	161,951	3.2	246,900	4.0
Non-controlling interests	29,732	0.1	65,192	0.3	133,101	0.5	24,256	0.5	5,869	0.1

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we derived revenue primarily from sale of products, including intelligent devices and solutions and intelligent control components. Our intelligent control components are primarily sold directly to end customers and through intermediaries, while intelligent devices and solutions, such as IFPDs, are primarily distributed through third-party distributors. We also generate a small portion of our revenue from providing software services, testing and after-sales services.

By product category

The table below sets forth the breakdown of our revenue by product category for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Intelligent devices and solutions										
Commercial display products and systems	9,202,680	45.6	9,298,321	41.5	8,108,339	33.3	1,663,576	33.1	1,563,162	25.2
Office and industrial computing solutions	526,806	2.6	824,708	3.7	1,504,432	6.2	250,064	5.0	343,851	5.5
AV equipment and systems	428,835	2.1	535,538	2.4	609,934	2.5	83,590	1.7	130,823	2.1
Others[(1)]	996,265	4.9	968,318	4.3	1,362,752	5.6	319,693	6.4	394,300	6.4
Subtotal	11,154,586	55.2	11,626,885	51.9	11,585,457	47.6	2,316,923	46.2	2,432,136	39.2
Intelligent control components										
LCD controller boards	5,927,808	29.4	6,628,552	29.6	7,030,931	28.9	1,389,619	27.8	2,077,240	33.5
Household appliance (white goods) control components	1,039,747	5.2	1,722,238	7.7	2,514,739	10.3	679,493	13.6	778,385	12.5
Others[(2)]	1,567,485	7.8	1,922,834	8.6	2,662,430	10.9	498,902	10.0	786,031	12.7
Subtotal	8,535,040	42.4	10,273,624	45.9	12,208,100	50.1	2,568,014	51.4	3,641,656	58.7
Software and other services[(3)]	483,011	2.4	500,673	2.2	560,327	2.3	119,662	2.4	129,373	2.1
Total	**20,172,637**	**100.0**	**22,401,182**	**100.0**	**24,353,884**	**100.0**	**5,004,599**	**100.0**	**6,203,165**	**100.0**

Notes:

(1) Primarily include revenue generated from learning devices and tablets.

(2) Primarily include revenue generated from automotive electronics control components and power electronics control components.

(3) Primarily include revenue generated from software services, testing and after-sales services.

During the Track Record Period, our revenue is primarily derived from intelligent devices and solutions and intelligent control components.

By geographical location

The table below sets forth the breakdown of our revenue by geographical location for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(Unaudited)			
Chinese Mainland	15,509,842	76.9	16,701,908	74.6	18,210,984	74.8	3,612,515	72.2	4,678,112	75.4
Overseas[1]	4,662,795	23.1	5,699,274	25.4	6,142,900	25.2	1,392,084	27.8	1,525,053	24.6
Total	**20,172,637**	**100.0**	**22,401,182**	**100.0**	**24,353,884**	**100.0**	**5,004,599**	**100.0**	**6,203,165**	**100.0**

Note:

(1) Geographical Information about our revenue from customers is reasonably determined by us based on various factors. Overseas primarily includes the United States, Europe and other emerging markets.

During the Track Record Period, a majority of our revenue was from Chinese Mainland, while the revenue contribution from overseas increased in 2024 primarily due to our continued efforts in penetrating overseas markets and improvement of global presence. As a result of our globalization strategy, we expect that the overseas market will continue to account for a substantial portion of our total revenue in the future. During the Track Record Period, our revenue generated from the United States amounted to RMB1,117.6 million, RMB1,319.4 million, RMB979.9 million and RMB248.2 million, accounting for 5.5%, 5.9%, 4.0% and 4.0% of our total revenue in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively.

Sales volume and Average selling price

The table below sets forth the sales volume and average selling price of our products for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price[1]	Sales Volume	Average Selling Price[1]	Sales Volume	Average Selling Price[1]	Sales Volume	Average Selling Price[1]	Sales Volume	Average Selling Price[1]
	(Unit'000)	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*
Intelligent devices and solutions										
Commercial display products and systems	1,571	5,858.1	1,716	5,419.8	1,315	6,164.4	267	6,238.7	275	5,683.8
Office and industrial computing solutions	138	3,816.2	283	2,909.4	523	2,875.7	85	2,940.8	123	2,793.7
AV equipment and systems	52	8,313.1	78	6,831.1	86	7,071.8	14	6,062.5	22	5,964.1
Others[2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Intelligent control components										
LCD controller boards	68,602	86.4	88,520	74.9	91,020	77.3	18,759	74.1	21,388	97.1
Household appliance (white goods) control components	14,256	72.9	27,851	61.8	44,219	56.9	12,083	56.2	13,277	58.6
Others[3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Software and other services[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Calculated through dividing revenue by the relevant sales volume in the same year, as stated in the tables above.

(2) Primarily include revenue generated from learning devices and tablets, which cannot be meaningfully aggregated and quantified in terms of units for calculating sales volume and average selling price as this category consists of multiple distinct product types.

(3) Primarily include revenue generated from automotive electronics control components and power electronics control components, which cannot be meaningfully aggregated and quantified in terms of units for calculating sales volume and average selling price as this category consists of multiple distinct product types.

(4) Primarily include revenue generated from software services, testing and after-sales services.

During the Track Record Period, sales volume in commercial display products and systems experienced fluctuations primarily due to supply-demand dynamics and limitation of budget allocations and spending level of end-customers, while sales volume in office and industrial computing solutions and AV equipment systems demonstrated a consistent increase in general. The increases were attributable to (i) the growth in global customers' demand for smarter display products and computing solutions featuring innovative technologies and capabilities, (ii) our continued efforts to strengthen cooperation with existing customers and expand our customer base and (iii) our enhanced R&D initiatives to accelerate product iterations and optimized our product mix.

The average selling price for each product category of intelligent devices experienced fluctuations during the Track Record Period, reflecting the change of supply-demand dynamics, in particular, end customers' budget allocations, and our then focus on expanding market share.

Sales volume in LCD controller board continued to increase during the Track Record Period, which aligned with the supply-demand dynamics of industry. The average selling prices in LCD controller board decreased from RMB86.4 in 2023 to RMB74.9 in 2024, as we offered LCD controller board products featuring new technologies at competitive price. The average selling prices in LCD controller board slightly increased from RMB74.9 in 2024 to RMB77.3 in 2025. The average selling prices in LCD controller board significantly increased from RMB74.1 in the three months ended March 31, 2025 to RMB97.1 in the three months ended March 31, 2026, mainly attributable to our price increase in response to increased raw material costs primarily for memory chips.

During the Track Record Period, sales volume in household appliance (white goods) control components continued to increase significantly, primarily attributable to (i) the ramp-up of this relative new business line supported by accelerated product iteration and diversified offering portfolio and (ii) our success in expanding market share by offering reliable and high-performance products at competitive prices, which reflected the change of supply-demand dynamics, in particular, end customers' budget allocations, which contributed to the decreases in average selling price of this product category during the same period.

Cost of Sales

Our cost of sales primarily consists of (i) cost of raw materials, primarily including chips, electronic components and display panels, and (ii) manufacturing costs, primarily including the fees paid to our production partners for outsourced manufacturing and costs associated with our self-owned smart manufacturing facility.

The table below sets forth the breakdown of our cost of sales by nature for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Raw materials	13,195,787	86.7	15,451,258	87.2	17,317,344	88.4	3,529,932	88.5	4,385,525	88.8
Manufacturing costs	1,353,695	8.9	1,461,384	8.3	1,126,565	5.8	295,438	7.4	297,828	6.0
Transportation and storage costs	185,068	1.2	185,892	1.0	196,098	1.0	33,579	0.8	35,676	0.7
Repair and maintenance costs	130,627	0.9	149,464	0.8	133,445	0.7	17,557	0.4	24,584	0.5
Labor costs	171,005	1.1	259,012	1.5	456,797	2.3	60,778	1.5	101,523	2.1
Others	184,458	1.2	206,175	1.2	343,308	1.8	54,166	1.4	95,882	1.9
Total	**15,220,640**	**100.0**	**17,713,185**	**100.0**	**19,573,557**	**100.0**	**3,991,450**	**100.0**	**4,941,018**	**100.0**

During the Track Record Period, cost of raw materials was the largest component of our cost of sales, accounting for over 80% in each year/period.

Gross Profit and Gross Profit Margin

By product category

The table below sets forth the breakdown of our gross profit and the gross profit margin by product category for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Intelligent devices and solutions	3,364,755	30.2	2,936,628	25.3	2,910,116	25.1	608,566	26.3	609,372	25.1
Intelligent control components	1,315,654	15.4	1,472,751	14.3	1,610,972	13.2	347,900	13.5	587,908	16.1
Software and other services	271,588	56.2	278,618	55.6	259,239	46.3	56,683	47.4	64,867	50.1
Total/Overall	**4,951,997**	**24.5**	**4,687,997**	**20.9**	**4,780,327**	**19.6**	**1,013,149**	**20.2**	**1,262,147**	**20.3**

Our gross margin for intelligent devices and solutions declined from 2023 to 2024, primarily due to decreases in the average selling prices of (i) commercial display products and systems and (ii) office and industrial computing solutions. According to Frost & Sullivan, this decline in selling prices was an industrywide phenomenon, largely driven by a cyclical downturn in market demand for electronic devices. This was influenced by broader macroeconomic factors, including global economic uncertainty, and reduced education and enterprise-related spending by end customers. Many companies in the industry faced similar pricing pressure as customers became more price-sensitive and cautious with budget allocations.

In 2025, our gross margin for intelligent devices and solutions remained stable compared to 2024, as average selling prices for key products began to increase. According to Frost & Sullivan, industry-wide price competition has also eased, as more participants are now focused on maintaining sustainable operations and improving profitability. At the same time, we remained disciplined in managing costs, which further supported the margin recovery.

Our gross margin for intelligent devices and solutions declined from the three months ended March 31, 2025 to the three months ended March 31, 2026, primarily due to decreases in average selling prices of (i) commercial display products and systems and (ii) AV equipment and systems. According to Frost & Sullivan, average selling prices across the industry have declined, driven by increased competition, which has led companies to adopt competitive pricing strategies. We also adopted a competitive pricing strategy to retain and grow our customer base. We offered attractive pricing to gain market share, although this approach put short-term pressure on our gross margins. Operationally, we have continued to prioritize cost controls and production efficiency to mitigate the margin impact. Financially, although our gross margin declined, our pricing strategy supported business continuity, customer retention, and revenue stability.

Our gross margin for intelligent control components continued to decrease from 2023 to 2025, primarily due to gross margin decrease in LCD controller boards primarily due to overall downward trend of average selling price as a result of supply-demand dynamics and increase in cost of raw materials throughout the industry. This was partially offset by an upward trend in gross margin for household appliance (white goods) control components, reflecting the higher margin in this category.

Our gross margin for intelligent control components increased from the three months ended March 31, 2025 to the three months ended March 31, 2026, primarily due to gross margin increase in LCD controller boards, attributable to increased average selling price, as a result of stronger downstream demand and our price adjustment to mitigate the impact of increased raw material costs.

By geographical location

The table below sets forth the breakdown of our gross profit and the gross profit margin by geographical location for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Chinese Mainland	3,725,768	24.0	3,299,760	19.8	3,330,346	18.3	673,852	18.7	902,875	19.3
Overseas	1,226,229	26.3	1,388,237	24.4	1,449,981	23.6	339,297	24.4	359,272	23.6
Total	**4,951,997**	**24.5**	**4,687,997**	**20.9**	**4,780,327**	**19.6**	**1,013,149**	**20.2**	**1,262,147**	**20.3**

Other Income

Our other income primarily consists of (i) interest income from bank deposits, (ii) interest income from time deposits and certificates of deposits held, and (iii) government grants we received from local government authorities. There were no unfulfilled conditions or contingencies relating to these government grants.

The table below sets forth the breakdown of other income for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Interest income from bank deposits	330,062	48.7	225,892	43.3	89,526	21.5	21,015	22.7	11,580	12.3
Interest income from time deposits and certificates of deposits held	131,940	19.4	140,978	27.0	225,117	54.1	52,124	56.3	56,099	59.4
Other interest income	–	–	–	–	–	–	–	–	65	0.1
Government grants	207,203	30.5	146,347	28.1	98,434	23.7	17,898	19.3	25,882	27.4
Others	9,231	1.4	8,429	1.6	3,110	0.7	1,614	1.7	759	0.8
Total	**678,436**	**100.0**	**521,646**	**100.0**	**416,187**	**100.0**	**92,651**	**100.0**	**94,385**	**100.0**
as % of total revenue		*3.4*		*2.3*		*1.7*		*1.8*		*1.5*

Other Gains and Losses, Net

The table below sets forth the breakdown of our other gains and losses, net for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Net foreign exchange (loss)/gain	(38,916)	(107.1)	(37,896)	979.2	113	0.2	(751)	(7.3)	5,004	41.2
Loss on disposal of property, plant and equipment, net	(2,886)	(7.9)	(3,054)	78.9	(6,680)	(12.7)	(1,472)	(14.4)	(2,212)	(18.2)
Gain on disposal of intangible assets, net	306	0.8	9	(0.2)	120	0.2	60	0.6	7	0.1
Gain on lease modification	762	2.1	137	(3.5)	3,421	6.5	3	0.0	719	5.9
Change in fair value of structured deposits	33,268	91.6	27,568	(712.4)	48,895	92.7	2,784	27.2	17,186	141.7
Change in fair value of unlisted equity interests(1)	31,883	87.8	3,542	(91.5)	(1,412)	(2.7)	1,857	18.1	11,346	93.6
Change in fair value of derivative financial instruments	42	0.1	5,824	(150.5)	5,191	9.9	7,764	75.8	(5,088)	(42.0)
Gain on disposal of partial equity interests of associates	11,852	32.6	–	–	3,133	5.9	–	–	–	–
Loss on deemed disposal of an associate	–	–	–	–	–	–	–	–	(14,834)	(122.3)
Total	**36,311**	**100.0**	**(3,870)**	**100.0**	**52,781**	**100.0**	**10,245**	**100.0**	**12,128**	**100.0**
as % of total revenue		*0.2*		*(0.0)*		*0.2*		*0.2*		*0.2*

Note:

(1) Unlisted equity interests primarily represent the Group's equity investment in unlisted companies.

In 2023, we recorded other gains of RMB36.3 million. In 2024, we recorded other losses of RMB3.9 million. In 2025 and the three months ended March 31, 2026, we recorded other gains of RMB52.8 million and RMB12.1 million.

Provision for Impairment Losses

During the Track Record Period, our provision for impairment losses were primarily related to inventories, goodwill and trade, bills and other receivables.

In 2023, 2024, 2025 and the three months ended March 31, 2026, our provision for impairment losses amounted to RMB165.1 million, RMB142.4 million, RMB173.2 million and RMB111.6 million, respectively.

We performed annual and interim impairment testing of goodwill for each cash-generating unit (CGU) in accordance with IAS 36 Impairment of Assets throughout the Track Record Period. We determined the recoverable amount of each CGU based on value-in-use (VIU) calculations using cash flow projections derived from budgets approved by management covering a five-year period for each CGU. The projections reflect our best estimates of operating performance, market dynamics, and CGU-specific risks. Cash flows beyond the explicit forecast period were not applied because the VIU assessments were performed over the five-year budgets without terminal value.

- ***Goodwill allocation and carrying amounts***. We allocated goodwill arising from business combinations to the CGUs that are expected to benefit from the synergies of the combinations. The CGUs with goodwill included Xi'an Qingsong, Suzhou Yuankong, Shenzhen Zhangrui, Guangzhou Zhiyuan, Shanghai Qiyin, the conference line business, Wuhan Manrui and infrared and optical touchscreen, Hunan Beite, Flag Frog, and Shixiang. Following an impairment recognized in 2022 for Shanghai Xianshi, no goodwill remained allocated to that CGU.
- ***Key parameters and assumptions***. For each CGU, we used pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU's cash flows.
- ***Revenue growth rates*** applied in the five-year cash flow projections were CGU-specific and reflected each unit's pipeline, market expansion stage, and contract visibility. These growth ranges were applied across the five-year budget horizon and incorporate expected ramp-up profiles where applicable.
- ***Headroom***. We measured headroom as the excess of the recoverable amount over the carrying amount for each CGU.
- ***Impairment*** charge. No goodwill impairments were recognized in 2023, 2024 or the three months ended March 31, 2026. We recorded goodwill impairment of RMB0.3 million in 2025.
- ***Sensitivity analysis***. Consistent with IAS 36 requirements, we assessed the sensitivity of recoverable amounts to reasonably possible changes in key assumptions. We modeled a 1 percentage point reduction in the compound revenue growth rate over the forecast period and a 1 percentage point increase in the pre-tax discount rate.
- ***IAS 36.134(f) – reasonably possible changes***. Having considered the sensitivity analyses and the magnitude of headroom at each testing date, the Reporting Accountants and we concluded that, for all CGUs, excepted for Shanghai Xianshi CGU, as of December 31, 2023, 2024 and 2025 and March 31, 2026 and Guangzhou Zhiyuan CGU as of December 31, 2025 and March 31, 2026, no reasonably possible change in key assumptions (including a 1 percentage point adverse change to revenue growth rates or discount rates) would cause the carrying amount of any CGU to exceed its recoverable amount.

See also note 23 to "Appendix I — Accountants' Report."

Selling Expenses

Our selling expenses consist of (i) salaries, compensations and benefits for personnel engaging in the sales function, (ii) advertising and promotion expenses, (iii) business development and travel expenses, (iv) patent and technical service fee; and (v) others, primarily including certification fee and expenses related to office premises.

The table below sets forth the breakdown of our selling expenses for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Salaries, compensations and benefits	654,329	48.7	673,093	55.8	648,889	57.2	141,005	60.4	167,033	64.6
Advertising and promotion expenses	273,633	20.4	166,062	13.7	159,738	14.1	35,170	15.1	22,355	8.6
Business development and travel expenses	296,772	22.1	234,610	19.5	206,775	18.2	38,269	16.4	43,203	16.7
Patent and technical service fee	57,953	4.3	39,566	3.3	21,320	1.9	2,017	0.9	2,498	1.0
Others	60,444	4.5	92,640	7.7	98,009	8.6	16,822	7.2	23,570	9.1
Total	**1,343,131**	**100.0**	**1,205,971**	**100.0**	**1,134,731**	**100.0**	**233,283**	**100.0**	**258,659**	**100.0**
as % of total revenue		*6.7*		*5.4*		*4.7*		*4.7*		*4.2*

Administrative Expenses

Our administrative expenses consist of (i) salaries, compensation and benefits for personnel engaging in the administrative function, (ii) business development and travel expenses, (iii) depreciation and amortisation, (iv) professional service fee; and (v) others, primarily including administrative service fee and software subscription fee.

The table below sets forth the breakdown of the administrative expenses for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Salaries, compensations and benefits	789,127	67.0	808,898	68.7	763,243	66.4	163,727	66.4	197,274	61.6
Business development and travel expenses	127,873	10.9	127,359	10.8	124,808	10.9	28,298	11.5	35,608	11.1
Depreciation and amortisation	107,604	9.1	118,941	10.1	137,848	12.0	32,811	13.3	40,177	12.6
Professional service fee	23,892	2.0	17,454	1.5	21,481	1.9	1,466	0.6	4,651	1.5
Others	129,136	11.0	104,710	8.9	100,630	8.8	20,279	8.2	42,425	13.2
Total	**1,177,632**	**100.0**	**1,177,362**	**100.0**	**1,148,010**	**100.0**	**246,581**	**100.0**	**320,135**	**100.0**
as % of total revenue		*5.8*		*5.2*		*4.7*		*4.9*		*5.1*

Research and Development Expenses

Our research and development expenses consist of (i) salaries, compensations and benefits for personnel engaging in the research and development function, (ii) raw materials consumed in the research and development process, (iii) depreciation and amortisation; and (iv) others, primarily including testing fee, certification fee and travel expenses.

The table below sets forth the breakdown of the research and development expenses for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Salaries, compensations and benefits	1,126,742	79.2	1,269,111	82.4	1,294,447	81.6	290,385	79.0	335,675	82.0
Raw materials costs	105,002	7.4	84,370	5.5	89,578	5.6	21,263	5.8	21,763	5.3
Depreciation and amortisation	57,783	4.1	54,251	3.5	54,396	3.4	14,661	4.0	13,661	3.3
Others	132,971	9.3	132,423	8.6	149,545	9.4	41,200	11.2	38,329	9.4
Total	**1,422,498**	**100.0**	**1,540,155**	**100.0**	**1,587,966**	**100.0**	**367,509**	**100.0**	**409,428**	**100.0**
as % of total revenue		*7.1*		*6.9*		*6.5*		*7.3*		*6.6*

Finance Costs

Our finance costs primarily consist of interest expenses on borrowings.

The table below sets forth the breakdown of our finance costs for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Interest expenses on borrowings	72,307	94.9	97,175	97.8	70,771	97.7	18,955	98.1	26,551	98.2
Interest expenses on lease liabilities	3,917	5.1	2,161	2.2	1,671	2.3	371	1.9	479	1.8
Total	**76,224**	**100.0**	**99,336**	**100.0**	**72,442**	**100.0**	**19,326**	**100.0**	**27,030**	**100.0**
as % of total revenue		*0.4*		*0.4*		*0.3*		*0.4*		*0.4*

Income Tax Expenses/(Credits)

Our income tax expenses comprise current tax and deferred tax. We recorded income tax expenses of RMB88.9 million, RMB10.6 million, RMB21.6 million and income tax credit of RMB4.2 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively.

We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of our Group are domiciled and operate.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Revenue

By product category

	Three Months Ended March 31,		
	2025	2026	% Change
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Intelligent devices and solutions			
Commercial display products and systems	1,663,576	1,563,162	(6.0)
Office and industrial computing solutions	250,064	343,851	37.5
AV equipment and systems	83,590	130,823	56.5
Others	319,693	394,300	23.3
Subtotal	2,316,923	2,432,136	5.0
Intelligent control components			
LCD controller boards	1,389,619	2,077,240	49.5
Household appliance (white goods) control components	679,493	778,385	14.6
Others	498,902	786,031	57.6
Subtotal	2,568,014	3,641,656	41.8
Software and other services	119,662	129,373	8.1
Total	5,004,599	6,203,165	23.9

Our revenue increased by 23.9% from RMB5,004.6 million in the three months ended March 31, 2025 to RMB6,203.2 million in the three months ended March 31, 2026, primarily due to a 41.8% increase in revenue generated from intelligent control components from RMB2,568.0 million in the three months ended March 31, 2025 to RMB3,641.7 million in the three months ended March 31, 2026.

Intelligent devices and solutions

Our revenue from intelligent devices and solutions increased by 5.0% from RMB2,316.9 million in the three months ended March 31, 2025 to RMB2,432.1 million in the three months ended March 31, 2026, primarily due to:

- a 37.5% increase in revenue generated from office and industrial computing solutions from RMB250.1 million in the three months ended March 31, 2025 to RMB343.9 million in the three months ended March 31, 2026, which was attributable to a 44.7% increase in the sales volume from 85 thousand units to 123 thousand units as a result of strong downstream customer demand and the expansion of our customer base, despite a 5.0% decrease in average selling price from RMB2,940.8 to RMB2,793.7 as a result of a shift in product mix towards desktop computers, which generally has lower selling prices;
- a 23.3% increase in revenue generated from others from RMB319.7 million in the three months ended March 31, 2025 to RMB394.3 million in the three months ended March 31, 2026, which was mainly attributable to our continued efforts to diversify our product offerings, enabling us to capture the market opportunities arising from increased customer willingness to pay for digital education solutions; and

- a 56.5% increase in revenue generated from AV equipment and systems from RMB83.6 million in the three months ended March 31, 2025 to RMB130.8 million in the three months ended March 31, 2026, which was attributable to a 57.1% increase in sales volume from 14 thousand units to 22 thousand units as a result of continuous customer base expansion driven by our launch of new products, despite of a 1.6% decrease in average selling price from RMB6,062.5 to RMB5,964.1, reflecting our enhanced ability to offer quality products at competitive prices.

partially offset by

- a 6.0% decrease in revenue generated from commercial display products and systems from RMB1,663.6 million in the three months ended March 31, 2025 to RMB1,563.2 million in the three months ended March 31, 2026, which was attributable to a 8.9% decrease in the average selling price from RMB6,238.7 to RMB5,683.8 as a result of change of end customers' budget allocation, partially offset by a 3.0% increase in sales volume from 267 thousand units to 275 thousand units, mainly due to our continuous market expansion efforts.

Intelligent control components

Our revenue from intelligent control components increased by 41.8% from RMB2,568.0 million in the three months ended March 31, 2025 to RMB3,641.7 million in the three months ended March 31, 2026, primarily due to:

- a 49.5% increase in revenue generated from LCD controller boards from RMB1,389.6 million in the three months ended March 31, 2025 to RMB2,077.2 million in the three months ended March 31, 2026, which was attributable to (i) a 14.0% increase in the sales volume from 18.8 million units to 21.4 million units, primarily due to strong downstream demand, and (ii) a 31.0% increase in average selling price from RMB74.1 to RMB97.1 as a result of our price increase in response to increased raw material costs;
- a 57.6% increase in revenue generated from others from RMB498.9 million in the three months ended March 31, 2025 to RMB786.0 million in the three months ended March 31, 2026, which was attributable to our continuously enhanced penetration in the markets for automotive electronics control components and power electronics control components and strong customer needs from automotive and energy storage industries; and
- a 14.6% increase in revenue generated from household appliance (white goods) control components from RMB679.5 million in the three months ended March 31, 2025 to RMB778.4 million in the three months ended March 31, 2026, which was attributable to (i) a 9.9% increase in sales volume from 12.1 million units to 13.3 million units reflecting our continuous efforts to diversify our product portfolio and expand customer base and (ii) a 4.3% increase in average selling price from RMB56.2 to RMB58.6, as our newly launched products during the period were priced at higher levels.

Software and other services

Our revenue from software and other services increased by 8.1% from RMB119.7 million in the three months ended March 31, 2025 to RMB129.4 million in the three months ended March 31, 2026, primarily due to the growing customer base for our intelligent software targeting at education scenarios and the continued ramping up of other services.

Cost of Sales

	Three Months Ended March 31,		
	2025	2026	% Change
	(in RMB thousands, except for percentages) *(Unaudited)*		
Raw materials	3,529,932	4,385,525	24.2
Manufacturing costs	295,438	297,828	0.8
Transportation and storage costs	33,579	35,676	6.2
Repair and maintenance costs	17,557	24,584	40.0
Labor costs	60,778	101,523	67.0
Others	54,166	95,882	77.0
Total	**3,991,450**	**4,941,018**	23.8
as % of total revenue	79.8	79.7	

Our cost of sales increased by 23.8% from RMB3,991.5 million in the three months ended March 31, 2025 to RMB4,941.0 million in the three months ended March 31, 2026, primarily due to a 24.2% increase in our cost of raw materials, which was generally in line with our growth in revenue and sales volume.

Gross Profit and Gross Profit Margin

	Three Months Ended March 31,			
	2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages) *(Unaudited)*			
Intelligent devices and solutions	608,566	26.3%	609,372	25.1%
Intelligent control components	347,900	13.5%	587,908	16.1%
Software and other services	56,683	47.4%	64,867	50.1%
Total/Overall	**1,013,149**	20.2%	**1,262,147**	20.3%

Our gross profit increased by 24.6% from RMB1,013.1 million in the three months ended March 31, 2025 to RMB1,262.1 million in the three months ended March 31, 2026, primarily due to a 69.0% increase in gross profit from intelligent control components from RMB347.9 million in the three months ended March 31, 2025 to RMB587.9 million in the three months ended March 31, 2026. Our gross profit margin remained relatively stable.

Intelligent devices and solutions

Our gross profit from intelligent devices and solutions remained stable at RMB608.6 million in the three months ended March 31, 2025 and RMB609.4 million in the three months ended March 31, 2026.

The gross profit margin from intelligent devices and solutions slightly decreased from 26.3% in the three months ended March 31, 2025 to 25.1% in the three months ended March 31, 2026, primarily due to a decrease in gross profit margin for commercial display products and system and a decrease in gross profit margin for AV equipment and systems, mainly attributable to decreased average selling prices.

Intelligent control components

Our gross profit from intelligent control components increased by 69.0% from RMB347.9 million in the three months ended March 31, 2025 to RMB587.9 million in the three months ended March 31, 2026, primarily due to:

- an increase in gross profit generated from LCD controller boards from the three months ended March 31, 2025 to the three months ended March 31, 2026, which was attributable to (i) a 49.5% revenue increase in the same period and (ii) an increase in the gross profit margin of LCD controller boards in the same period, as the increase in average selling prices outpaced the increase in raw material costs, the latter of which was mitigated by our strategic stocking;
- an increase in gross profit generated from others from the three months ended March 31, 2025 to the three months ended March 31, 2026, which was attributable to 57.6% revenue increase in the same period. The gross profit margin of others decreased in the same period, reflecting change in product mix towards automotive electronics control components, which generally had lower margin profile; and
- an increase in gross profit generated from household appliance (white goods) control components from the three months ended March 31, 2025 to the three months ended March 31, 2026, which was attributable to a 14.6% revenue increase in the same period. The gross profit margin of household appliance (white goods) control components remained relatively stable.

Software and other services

Our gross profit from software and other services increased by 14.4% from RMB56.7 million in the three months ended March 31, 2025 to RMB64.9 million in the three months ended March 31, 2026, primarily due to (i) a 8.1% increase in revenue from software and other services and (ii) an increase in gross profit margin of software and other services in the same period, reflecting increased revenue contribution from R&D and testing services with higher margin profile.

Other Income

	Three Months Ended March 31,		
	2025	2026	% Change
	(in RMB thousands, except for percentages) *(Unaudited)*		
Other income	92,651	94,385	1.9
as % of total revenue	*1.8*	*1.5*	

Our other income remained stable at RMB92.7 million in the three months ended March 31, 2025 and RMB94.4 million in the three months ended March 31, 2026. Our other income as a percentage of our total revenue decreased from 1.8% to 1.5%, as our revenue continued to grow.

Other Gains and Losses, Net

Our net gains increased by 18.4% from RMB10.2 million in the three months ended March 31, 2025 to RMB12.1 million in the three months ended March 31, 2026, primarily due to (i) an increase of RMB14.4 million in change in fair value of structured deposits, (ii) an increase of RMB9.5 million in change in fair value of unlisted equity interest and (iii) an increase of RMB5.8 million of net foreign exchange gain, partially offset by (i) loss on deemed disposal of an associate of RMB14.8 million and (ii) a decrease of RMB12.9 million in change in fair value of derivative financial instruments.

Provision for Impairment Losses

Our provision for impairment losses increased by 54.1% from RMB72.4 million in the three months ended March 31, 2025 to RMB111.6 million in the three months ended March 31, 2026, primarily due to an increase in impairment losses related to our inventories.

Selling Expenses

	Three Months Ended March 31,		
	2025	**2026**	**% Change**
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Selling expenses	233,283	258,659	10.9
as % of total revenue	*4.7*	*4.2*	

Our selling expenses increased by 10.9% from RMB233.3 million in the three months ended March 31, 2025 to RMB258.7 million in the three months ended March 31, 2026, primarily due to an increase of RMB26.0 million in salaries, compensations and benefits, mainly attributable to our continued efforts to retain and incentivize our sales personnel, partially offset by a decrease of RMB12.8 million in advertising and promotion expenses as a result of our enhanced marketing efficiency.

Administrative Expenses

	Three Months Ended March 31,		
	2025	**2026**	**% Change**
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Administrative expenses	246,581	320,135	29.8
as % of total revenue	*4.9*	*5.1*	

Our administrative expenses increased by 29.8% from RMB246.6 million in the three months ended March 31, 2025 to RMB320.1 million in the three months ended March 31, 2026, primarily due to (i) an increase of RMB33.5 million in salaries, compensations and benefits, mainly attributable to our efforts to retain and incentivize our administrative personnel and (ii) an increase of RMB22.1 million in others, mainly attributable to an increase in technical service fees for cloud services in line with revenue growth.

Research and Development Expenses

	Three Months Ended March 31,		
	2025	**2026**	**% Change**
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Research and development expenses	367,509	409,428	11.4
as % of total revenue	*7.3*	*6.6*	

Our research and development expenses increased by 11.4% from RMB367.5 million in the three months ended March 31, 2025 to RMB409.4 million in the three months ended March 31, 2026, primarily due to an increase of RMB45.3 million in salaries, compensations and benefits, mainly attributable to our continued efforts to retain and incentive talents.

Finance Costs

Our finance costs increased by 39.9% from RMB19.3 million in the three months ended March 31, 2025 to RMB27.0 million in the three months ended March 31, 2026, primarily due to an increase in interest expenses on borrowings.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 35.7% from RMB186.2 million in the three months ended March 31, 2025 to RMB252.8 million in the three months ended March 31, 2026.

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

Revenue

By product category

	Year Ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Intelligent devices and solutions			
Commercial display products and systems	9,298,321	8,108,339	(12.8)
Office and industrial computing solutions	824,708	1,504,432	82.4
AV equipment and systems	535,538	609,934	13.9
Others	968,318	1,362,752	40.7
Subtotal	11,626,885	11,585,457	(0.4)
Intelligent control components			
LCD controller boards	6,628,552	7,030,931	6.1
Household appliance (white goods) control components	1,722,238	2,514,739	46.0
Others	1,922,834	2,662,430	38.5
Subtotal	10,273,624	12,208,100	18.8
Software and other services	500,673	560,327	11.9
Total	**22,401,182**	**24,353,884**	**8.7**

Our revenue increased by 8.7% from RMB22,401.2 million in 2024 to RMB24,353.9 million in 2025, primarily due to (i) a 82.4% increase in revenue generated from office and industrial computing solutions from RMB824.7 million in 2024 to RMB1,504.4 million in 2025 and (ii) a 46.0% increase in revenue generated from household appliance (white goods) control components from RMB1,722.2 million in 2024 to RMB2,514.7 million in 2025.

Intelligent devices and solutions

Our revenue from intelligent devices and solutions decreased by 0.4% from RMB11,626.9 million in 2024 to RMB11,585.5 million in 2025, primarily due to:

- a 12.8% decrease in revenue generated from commercial display products and systems from RMB9,298.3 million in 2024 to RMB8,108.3 million in 2025, which was attributable to a 23.4% decrease in sales volume from 1,716 thousand units to 1,315 thousand units, despite of a 13.7% increase in average selling price from RMB5,419.8 to RMB6,164.4, as a result of supply and demand dynamics and the change of end customers' budget allocation; and

partially offset by

- a 82.4% increase in revenue generated from office and industrial computing solutions from RMB824.7 million in 2024 to RMB1,504.4 million in 2025, which was attributable to a 84.8% increase in sales volume from 283 thousand units to 523 thousand units, reflecting the success in expanding our customer base; and
- a 40.7% increase in revenue generated from others category from RMB968.3 million in 2024 to RMB1,362.8 million in 2025, which was attributable to our efforts to enrich our product offerings to capture opportunities from customers' increasing willingness to pay for digital education solutions.

Intelligent control components

Our revenue from intelligent control components increased by 18.8% from RMB10,273.6 million in 2024 to RMB12,208.1 million in 2025, primarily due to:

- a 46.0% increase in revenue generated from household appliance (white goods) control components from RMB1,722.2 million in 2024 to RMB2,514.7 million in 2025, which was attributable to a 58.4% increase in sales volume from 27.9 million units to 44.2 million units, reflecting the strong growth momentum of our household appliance (white goods) control components business as we accelerated product iteration and diversified our offering portfolio, as well as deepened cooperation with select key customers and expanded our customer base globally. The increase in sales volume was partially offset by an 8.0% decrease in average selling price of household appliance (white goods) control components from RMB61.8 in 2024 to RMB56.9 in 2025, reflecting our enhanced ability to offer quality products at competitive prices; and
- a 38.5% increase in revenue generated from others category from RMB1,922.8 million in 2024 to RMB2,662.4 million in 2025, as we enhanced our penetration in the markets for automotive electronics control components and power electronics control components.

Software and other services

Our revenue from software and other services increased by 11.9% from RMB500.7 million in 2024 to RMB560.3 million in 2025, primarily due to the growing customer base for our intelligent softwares targeting at education scenarios and the ramping up of other services.

Cost of Sales

	Year Ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Raw materials	15,451,258	17,317,344	12.1
Manufacturing costs	1,461,384	1,126,565	(22.9)
Transportation and storage costs	185,892	196,098	5.5
Repair and maintenance costs	149,464	133,445	(10.7)
Labor costs	259,012	456,797	76.4
Others	206,175	343,308	66.5
Total	**17,713,185**	**19,573,557**	**10.5**
as % of total revenue	*79.1*	*80.4*	

Our cost of sales increased by 10.5% from RMB17,713.2 million in 2024 to RMB19,573.6 million in 2025, which was generally in line with our business growth.

Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
Intelligent devices and solutions ...	2,936,628	25.3%	2,910,116	25.1%
Intelligent control components	1,472,751	14.3%	1,610,972	13.2%
Software and other services	278,618	55.6%	259,239	46.3%
Total/Overall	**4,687,997**	**20.9%**	**4,780,327**	**19.6%**

Our gross profit increased by 2.0% from RMB4,688.0 million in 2024 to RMB4,780.3 million in 2025.

Our gross profit margin decreased from 20.9% in 2024 to 19.6% in 2025, reflecting the supply and demand dynamics and change of product mix.

Intelligent devices and solutions

Our gross profit from intelligent devices and solutions slightly decreased by 0.9% from RMB2,936.6 million in 2024 to RMB2,910.1 million in 2025, primarily due to:

- a decrease in gross profit from commercial display products and systems from 2024 to 2025, which was attributable to a 12.8% revenue decrease in the same year. The gross profit margin of commercial display products remained relatively stable;
- partially offset by an increase in gross profit from office and industrial computing solutions from 2024 to 2025 as a result of a 82.4% revenue increase in the same year and an increase in the gross profit margin for the same reason.

Our gross profit margin from intelligent devices and solutions remained stable from 2024 to 2025.

Intelligent control components

Our gross profit from intelligent control components increased by 9.4% from RMB1,472.8 million in 2024 to RMB1,611.0 million in 2025, primarily due to:

- an increase in gross profit generated from household appliance (white goods) control components from 2024 to 2025, which was attributable to a 46.0% increase in revenue generated from household appliance (white goods) control components and an increase in gross profit margin of household appliance (white goods) control components, which also reflects how we maintained a higher margin while average selling price decreased in 2025; and
- offset by a decrease in gross profit from LCD controller boards from 2024 to 2025. The gross profit margin of LCD controller boards slightly decreased during the same year while the revenue increased from RMB6,628.6 million in 2024 to RMB7,030.9 million in 2025, reflecting significant increase in cost of raw materials throughout the industry caused by increase in storage chip prices.

Software and other services

Our gross profit from software and other services decreased by 7.0% from RMB278.6 million in 2024 to RMB259.2 million in 2025, primarily due to the revenue increase from certain services, such as testing and maintenance, which generally carried a lower gross profit margin, outpaced the revenue increase from software services.

Other Income

	Year Ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Other income	521,646	416,187	(20.2)
as % of total revenue	*2.3*	*1.7*	

Our other income decreased by 20.2% from RMB521.6 million in 2024 to RMB416.2 million in 2025, primarily due to a decrease of RMB136.4 million in interest income from bank deposits. For the same reason, our other income as a percentage of our total revenue decreased from 2.3% to 1.7% during the same year.

Other Gains and Losses, Net

We recorded net losses of RMB3.9 million in 2024 and net gains of RMB52.8 million in 2025. The change was primarily because we recorded a net foreign exchange gain of RMB0.1 million in 2025, as compared to a net foreign exchange loss of RMB37.9 million in 2024.

Provision for Impairment Losses

Our provision for impairment losses increased by 21.7% from RMB142.4 million in 2024 to RMB173.2 million in 2025, primarily due to an increase in impairment losses related to our inventories and trade and bills receivables.

Selling Expenses

	Year Ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Selling expenses	1,205,971	1,134,731	(5.9)
as % of total revenue	*5.4*	*4.7*	

Our selling expenses decreased by 5.9% from RMB1,206.0 million in 2024 to RMB1,134.7 million in 2025, primarily due to a decrease of RMB27.8 million in business development and travel expenses, a decrease in salaries, compensations and benefits of RMB24.2 million, and a decrease of RMB18.2 million in patent and technical service fee, reflecting our enhanced marketing efficiency.

Administrative Expenses

	Year Ended December 31,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
Administrative expenses	1,177,362	1,148,010	(2.5)
as % of total revenue	*5.3*	*4.7*	

Our administrative expenses decreased by 2.5% from RMB1,177.4 million in 2024 to RMB1,148.0 million in 2025, reflecting our enhanced operation efficiency.

Research and Development Expenses

	Year Ended December 31,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
Research and development expenses	1,540,155	1,587,966	3.1
as % of total revenue	*6.9*	*6.5*	

Our research and development expenses increased by 3.1% from RMB1,540.2 million in 2024 to RMB1,588.0 million for 2025, primarily due to an increase of RMB25.3 million in salaries, compensation and benefits for personnel engaging in the research and development function, reflecting our continued efforts to retain and incentive talents.

Finance Costs

Our finance costs decreased by 27.1% from RMB99.3 million in 2024 to RMB72.4 million in 2025, primarily due to a decrease of RMB26.4 million in interest expenses on borrowings during the same year.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 10.7% from RMB1,036.1 million in 2024 to RMB1,146.5 million in 2025.

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

Revenue

By product category

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Intelligent devices and solutions			
Commercial display products and systems	9,202,680	9,298,321	1.0
Office and industrial computing solutions	526,806	824,708	56.5
AV equipment and systems	428,835	535,538	24.9
Others	996,265	968,318	(2.8)
Subtotal	11,154,586	11,626,885	4.2
Intelligent control components			
LCD controller boards	5,927,808	6,628,552	11.8
Household appliance (white goods) control components	1,039,747	1,722,238	65.6
Others	1,567,485	1,922,834	22.7
Subtotal	8,535,040	10,273,624	20.4
Software and other services	483,011	500,673	3.7
Total	**20,172,637**	**22,401,182**	**11.0**

Our revenue increased by 11.0% from RMB20,172.6 million in 2023 to RMB22,401.2 million in 2024 primarily due to a 20.4% increase in revenue generated from intelligent control components from RMB8,535.0 million in 2023 to RMB10,273.6 million in 2024.

Intelligent devices and solutions

Our revenue from intelligent devices and solutions increased by 4.2% from RMB11,154.6 million in 2023 to RMB11,626.9 million in 2024, primarily due to:

- a 56.5% increase in revenue generated from office and industrial computing solutions from RMB526.8 million in 2023 to RMB824.7 million in 2024, which was attributable to a 105.1% increase in the sales volume of office and industrial computing solutions from 138 thousand units in 2023 to 283 thousand units in 2024 as the results of (i) the growth in customers' demand for smart office and industrial computing solutions driven by products iterations associated with innovative technologies and features and (ii) our enhanced cooperation with existing customers. The increase in sales volume was partially offset by a 23.8% decrease in average selling price of office and industrial computing solutions from RMB3,816.2 in 2023 to RMB2,909.4 in 2024, reflecting our enhanced ability to offer quality products at competitive prices;
- a 24.9% increase in revenue generated from AV equipment and systems from RMB428.8 million in 2023 to RMB535.5 million in 2024, which was attributable to a 52.0% increase in the sales volume of AV equipment and systems from 52 thousand units in 2023 to 78 thousand units in 2024 as we continued to expand our customer base and enhance cooperation with existing customers. The increase in sales volume was partially offset by a 17.8% decrease in average selling price of AV equipment and systems from RMB8,313.0 in 2023 to RMB6,831.1 in 2024, reflecting our enhanced ability to offer quality products at competitive prices; and
- the revenue generated from commercial display products and systems remained stable at RMB9,202.7 million in 2023 and RMB9,298.3 million in 2024, respectively.

Intelligent control components

Our revenue from intelligent control components increased by 20.4% from RMB8,535.0 million in 2023 to RMB10,273.6 million in 2024, primarily due to:

- a 65.6% increase in revenue generated from household appliance (white goods) control components from RMB1,039.7 million in 2023 to RMB1,722.2 million in 2024, which was attributable to a 95.1% increase in the sales volume of household appliance (white goods) control components from 14.3 million units in 2023 to 27.9 million units in 2024, which in turn was the result of the ramp up of our household appliance (white goods) control components business as we accelerated product iteration and diversified our offering portfolio, as well as deepened cooperation with select key customers and expanded our customer base globally. The increase in sales volume was partially offset by a 15.2% decrease in average selling price of household appliance control components from RMB72.9 in 2023 to RMB61.8 in 2024, reflecting our enhanced ability to offer quality products at competitive prices;
- an 11.8% increase in revenue generated from LCD controller boards from RMB5,927.8 million in 2023 to RMB6,628.6 million in 2024, which was attributable to a 29.0% increase in the sales volume of LCD controller boards from 68.6 million units in 2023 to 88.5 million units in 2024, reflecting our strengthened relationship with existing customers. The increase in sales volume was partially offset by a 13.3% decrease in average selling price of LCD controller boards from RMB86.4 in 2023 to RMB74.9 in 2024, reflecting our enhanced ability to offer quality products at competitive prices; and
- a 22.7% increase in revenue generated from others from RMB1,567.5 million in 2023 to RMB1,922.8 million in 2024 as we enhanced our penetration in the markets for automotive electronics control components and power electronics control components.

Software and other services

Our revenue from software and other services increased slightly by 3.7% from RMB483.0 million in 2023 to RMB500.7 million in 2024.

Cost of Sales

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Raw materials	13,195,787	15,451,258	17.1
Manufacturing costs	1,353,695	1,461,384	8.0
Transportation and storage costs	185,068	185,892	0.4
Repair and maintenance costs	130,627	149,464	14.4
Labor costs	171,005	259,012	51.5
Others	184,458	206,175	11.8
Total	**15,220,640**	**17,713,185**	**16.4**
as % of total revenue	*75.5*	*79.1*	

Our cost of sales increased by 16.4% from RMB15,220.6 million in 2023 to RMB17,713.2 million in 2024, primarily due to a 17.1% increase in our cost of raw materials, which was generally in line with our growth in revenue and sales volume.

Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
Intelligent devices and solutions	3,364,755	30.2%	2,936,628	25.3%
Intelligent control components	1,315,654	15.4%	1,472,751	14.3%
Software and other services	271,588	56.2%	278,618	55.6%
Total/Overall	**4,951,997**	**24.5%**	**4,687,997**	**20.9%**

Our gross profit decreased by 5.3% from RMB4,952.0 million in 2023 to RMB4,688.0 million in 2024, primarily due to a 12.7% decrease in gross profit from intelligent devices and solutions from RMB3,364.8 million in 2023 to RMB2,936.6 million in 2024, partially offset by an 11.9% increase in gross profit from intelligent control components from RMB1,315.7 million in 2023 to RMB1,472.8 million in 2024.

Our gross profit margin decreased from 24.5% in 2023 to 20.9% in 2024, primarily because (i) the revenue increase from intelligent control components, which carried a lower gross profit margin, outpaced the revenue increase from intelligent devices and solutions and (ii) the gross profit margin from intelligent devices and solutions decreased from 30.2% in 2023 to 25.3% in 2024.

Intelligent devices and solutions

Our gross profit from intelligent devices and solutions decreased by 12.7% from RMB3,364.8 million in 2023 to RMB2,936.6 million in 2024, primarily due to:

- a decrease in gross profit generated from commercial display products and systems from 2023 to 2024, primarily due to changes in end customers' budget allocations and our then focus on expanding market share, which resulted in lower average selling prices in 2024. For the same reason, the gross profit margin of commercial display products and systems decreased during the same year; and
- a decrease in gross profit generated from products under others category from 2023 to 2024, which was attributable to a decrease in the revenue generated from this category during the same year.

Intelligent control components

Our gross profit from intelligent control components increased by 11.9% from RMB1,315.7 million in 2023 to RMB1,472.8 million in 2024, primarily due to:

- an increase in gross profit generated from household appliance (white goods) control components from 2023 to 2024, which was attributable to a 65.6% increase in revenue generated from household appliance (white goods) control components. The gross profit margin of household appliance (white goods) control components also witnessed a moderate increase during the same year, reflecting our enhanced cost control efforts;
- an increase in gross profit generated from products under others category from 2023 to 2024, which was attributable to a 22.7% increase in revenue generated from this category. The gross profit margin of this category remained stable during the same year; and
- an offsetting factor, which was a decrease in gross profit from LCD controller boards from 2023 to 2024. The gross profit margin of LCD controller boards decreased slightly during the same year, which was the result of supply and demand dynamics.

Software and other services

Our gross profit generated from this category remained stable at RMB271.6 million and RMB278.6 million, representing a gross profit margin of 56.2% and 55.6% in 2023 and 2024, respectively.

Other Income

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Other income	678,436	521,646	(23.1)
as % of total revenue	*3.4*	*2.3*	

Our other income decreased by 23.1% from RMB678.4 million in 2023 to RMB521.6 million in 2024, primarily due to (i) a decrease in government grants and (ii) a decrease in interest income from bank deposits as the result of a decrease in interest rate. For the same reason, our other income as a percentage of our total revenue decreased from 3.4% to 2.3%.

Other Gains and Losses, Net

We recorded net gains of RMB36.3 million in 2023, and recorded net losses of RMB3.9 million in 2024. The change was primarily due to (i) a decrease of RMB28.3 million in change in fair value of unlisted equity interest and (ii) a decrease of RMB11.9 million in gain on disposal of partial equity interests of associates.

Provision for Impairment Losses

Our provision for impairment losses decreased by 13.8% from RMB165.1 million in 2023 to RMB142.4 million in 2024, primarily due to a decrease in impairment related to our inventories.

Selling Expenses

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Selling expenses	1,343,131	1,205,971	(10.2)
as % of total revenue	*6.7*	*5.4*	

Our selling expenses decreased by 10.2% from RMB1,343.1 million in 2023 to RMB1,206.0 million in 2024, primarily due to a decrease of RMB107.6 million in advertising and promotion expenses, reflecting our enhanced marketing efficiency.

Administrative Expenses

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Administrative expenses	1,177,632	1,177,362	(0.0)
as % of total revenue	*5.8*	*5.2*	

Our administrative expenses remained relatively stable at RMB1,177.6 million in 2023 and RMB1,177.4 million in 2024.

Research and Development Expenses

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Research and development expenses	1,422,498	1,540,155	8.3
as % of total revenue	*7.1*	*6.9*	

Our research and development expenses increased by 8.3% from RMB1,422.5 million in 2023 to RMB1,540.2 million in 2024, primarily due to an increase of RMB142.4 million in salaries, compensation and benefits for personnel engaging in the research and development function, reflecting our continued efforts to retain and motivate talents. Our research and development expenses as a percentage of our total revenue slightly decreased from 7.1% in 2023 to 6.9% in 2024, primarily due to the growth in our revenue.

Finance Costs

Our finance costs increased by 30.3% from RMB76.2 million in 2023 to RMB99.3 million in 2024, primarily due to an increase in interest expenses on borrowings.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 26.0% from RMB1,399.7 million in 2023 to RMB1,036.1 million in 2024.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities and bank borrowings. As of March 31, 2026, we had cash and cash equivalents of RMB2,918.8 million.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from our operating activities, bank facilities and net [**REDACTED**] from the [**REDACTED**].

Taking into account the net [**REDACTED**] from the [**REDACTED**] and cash generated from our operating activities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this Document.

Net Current Assets/Liabilities

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
	(in RMB thousands)				
					(Unaudited)
Current assets:					
Inventories	2,238,319	2,314,804	4,587,322	6,496,801	7,755,477
Trade, bills and other receivables	893,980	988,225	1,227,853	1,297,978	1,722,809
Prepayments	72,890	58,908	278,784	400,041	601,660
Financial assets at FVTPL	794,280	333,064	1,582,554	945,136	734,457
Tax recoverable	60,822	95,091	30,623	35,778	45,013
Time deposits	4,206,407	5,035	845,309	785,830	961,665
Certificates of deposits held	305,915	588,292	2,181,854	2,217,353	2,271,830
Restricted bank deposits	36,291	14,385	5,647	5,216	5,837
Cash and bank balances	4,681,386	4,889,691	2,522,991	2,918,829	2,300,284
Total current assets	**13,290,290**	**9,287,495**	**13,262,937**	**15,102,962**	**16,399,032**
Current liabilities:					
Trade, bills and other payables	4,625,303	4,561,688	6,107,867	6,415,077	7,456,205
Contract liabilities	903,487	1,110,454	1,397,439	1,886,316	2,108,815
Borrowings	2,646,600	2,710,171	3,923,130	5,195,960	4,743,032
Tax payables	28,698	34,048	33,567	20,385	22,773
Derivative financial instruments	3,324	17,062	1,799	4,402	1,655
Provisions	144,995	129,113	112,264	108,008	105,820
Lease liabilities	24,813	21,674	19,396	21,524	22,187
Total current liabilities	**8,377,220**	**8,584,210**	**11,595,462**	**13,651,672**	**14,460,487**
Net current assets	**4,913,070**	**703,285**	**1,667,475**	**1,451,290**	**1,938,545**

Comparison between May 31, 2026 and March 31, 2026

Our net current assets increased from RMB1,451.3 million as of March 31, 2026 to RMB1,938.5 million as of May 31, 2026, primarily due to (i) an increase in inventories of RMB1,258.7 million, (ii) an increase in trade, bills and other receivables of RMB424.8 million and (iii) a decrease in borrowings of RMB452.9 million, partially offset by (i)an increase in trade, bills and other payables of RMB1,041.1 million and (ii) a decrease in cash and bank balances of RMB618.5 million.

Comparison between March 31, 2026 and December 31, 2025

Our net current assets decreased from RMB1,667.5 million as of December 31, 2025 to RMB1,451.3 million as of March 31, 2026, primarily due to (i) an increase in borrowings of RMB1,272.8 million and (ii) a decrease in financial assets at FVTPL of RMB637.4 million, partially offset by an increase in inventories of RMB1,909.5 million. See "— Selected Balance Sheet Items" for further details.

Comparison between December 31, 2025 and December 31, 2024

Our net current assets increased from RMB703.3 million as of December 31, 2024 to RMB1,667.5 million as of December 31, 2025, primarily due to (i) an increase in inventories of RMB2,272.5 million, (ii) an increase in financial assets at FVTPL of RMB1,249.5 million and (iii) an increase in certificates of deposits held of RMB1,593.6 million. See "— Selected Balance Sheet Items" for further details.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets decreased from RMB4,913.1 million as of December 31, 2023 to RMB703.3 million as of December 31, 2024, primarily due to (i) a decrease in time deposits of RMB4,201.4 million, (ii) a decrease in financial assets at FVTPL of RMB461.2 million, and (iii) a decrease in restricted bank deposits of RMB21.9 million. See "— Selected Balance Sheet Items" for further details.

SELECTED BALANCE SHEET ITEMS

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

	As at December 31,			As of March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
Non-current assets				
Property, plant and equipment	3,773,609	4,550,428	4,732,183	4,881,927
Intangible assets	164,455	172,286	201,976	319,476
Right-of-use assets	380,704	560,119	865,593	914,929
Goodwill	231,803	262,381	326,912	431,407
Investments in associates	196,427	319,496	203,603	181,737
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	72,490	71,908	73,460	63,788
Financial assets at fair value through profit or loss ("**FVTPL**")	228,696	236,488	442,726	517,867
Deferred tax assets	425,324	456,087	497,374	536,642
Prepayments	524,741	330,715	35,509	103,480
Trade receivables	–	–	3,994	10,056
Time deposits	504,748	3,301,379	2,663,707	2,681,060
Certificates of deposits held	2,012,314	3,121,499	2,829,028	2,783,223
Total non-current assets	8,515,311	13,382,786	12,876,065	13,425,592
Current assets				
Inventories	2,238,319	2,314,804	4,587,322	6,496,801
Trade, bills and other receivables	893,980	988,225	1,227,853	1,297,978
Prepayments	72,890	58,908	278,784	400,041
Financial assets at FVTPL	794,280	333,064	1,582,554	945,136
Tax recoverable	60,822	95,091	30,623	35,778
Time deposits	4,206,407	5,035	845,309	785,830
Certificates of deposits held	305,915	588,292	2,181,854	2,217,353
Restricted bank deposits	36,291	14,385	5,647	5,216
Cash and bank balances	4,681,386	4,889,691	2,522,991	2,918,829
Total current assets	13,290,290	9,287,495	13,262,937	15,102,962
Total assets	21,805,601	22,670,281	26,139,002	28,528,554

	As at December 31,			As of March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
Current liabilities				
Trade, bills and other payables	4,625,303	4,561,688	6,107,867	6,415,077
Contract liabilities	903,487	1,110,454	1,397,439	1,886,316
Borrowings	2,646,600	2,710,171	3,923,130	5,195,960
Tax payables	28,698	34,048	33,567	20,385
Derivative financial instruments	3,324	17,062	1,799	4,402
Provisions	144,995	129,113	112,264	108,008
Lease liabilities	24,813	21,674	19,396	21,524
Total current liabilities	8,377,220	8,584,210	11,595,462	13,651,672
Net current assets	4,913,070	703,285	1,667,475	1,451,290
Total assets less current liabilities	13,428,381	14,086,071	14,543,540	14,876,882
Non-current liabilities				
Other payables	257	–	–	–
Contract liabilities	53,358	101,490	110,980	110,170
Borrowings	203,171	564,033	235,009	276,411
Deferred income	98,146	127,093	148,033	146,288
Provisions	124,787	117,556	111,005	99,468
Lease liabilities	39,638	26,365	28,950	36,362
Deferred tax liabilities	42,281	24,497	24,810	41,006
Total non-current liabilities	561,638	961,034	658,787	709,705

Inventories

Our inventories include finished goods, raw materials and work in progress. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
Raw materials	1,264,595	1,192,395	3,203,941	5,015,323
Work in progress	129,686	180,955	200,473	305,471
Finished goods	987,719	1,093,250	1,353,687	1,383,296
Less: provision for inventory impairment	(143,681)	(151,796)	(170,779)	(207,289)
Total	**2,238,319**	**2,314,804**	**4,587,322**	**6,496,801**

Our inventories increased from RMB2,238.3 million as of December 31, 2023 to RMB2,314.8 million as of December 31, 2024 which was generally in line with our revenue growth. Our inventories increased from RMB2,314.8 million as of December 31, 2024 to RMB4,587.3 million as of December 31, 2025 and further increased to RMB6,496.8 million as of March 31, 2026, reflecting our strategic stocking of key raw materials mainly including memory chips, which experienced price increases.

Turnover Days

The table below sets forth the turnover days of our inventories for the years/period indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	**2024**	**2025**	**2026**
Inventory turnover days[(1)]	53	50	67	104

Note:

(1) Inventory turnover days for each year/period equals the average of the beginning and ending gross inventories balance for that year/period divided by cost of sales for that year and multiplied by 365 days for the year ended December 31 and 90 days for the three months ended March 31.

Our inventory turnover days decreased from 53 days in 2023 to 50 days in 2024 primarily due to improvements in inventory management. Our inventory turnover days increased from 50 days in 2024 to 67 days in 2025 and further increased to 104 days in the three months ended March 31, 2026, primarily due to our strategic stocking for the increase in raw materials prices.

Aging Analysis

The table below sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	(in RMB thousands)			
Within one year	2,303,441	2,399,631	4,686,168	6,602,795
Over one year........................	78,559	66,970	71,933	101,295
Less: provision for inventory impairment	(143,681)	(151,796)	(170,779)	(207,289)
Total	**2,238,319**	**2,314,804**	**4,587,322**	**6,496,801**

Subsequent utilization

As of May 31, 2026, 67.9% of our total inventories as of March 31, 2026, or RMB4,551.3 million, were utilized or sold.

Trade, Bills and Other Receivables

Trade receivables mainly arise from sales of our products on credit.

The table below sets forth the breakdown of our trade, bills and other receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
Trade receivables	321,408	448,315	583,753	668,139
Bills receivables	145,178	61,825	138,628	56,080
Other receivables[1]	465,500	521,903	557,789	643,206
Subtotal	932,086	1,032,043	1,280,170	1,367,425
Less: loss allowance for trade receivables	(25,569)	(28,208)	(32,386)	(43,572)
Less: loss allowance for bill receivables	–	–	–	–
Less: loss allowance for other receivables	(12,537)	(15,610)	(15,937)	(15,819)
Total	**893,980**	**988,225**	**1,227,853**	**1,308,034**

Note:

(1) Other receivables primarily represent deductible input value-added tax, petty cash and deposits, and export tax rebates receivable.

Our current portion of trade, bills and other receivables increased from RMB894.0 million as of December 31, 2023 to RMB988.2 million as of December 31, 2024 and further increased to RMB1,231.8 million as of December 31, 2025, which was generally in line with our business growth. Our current portion of trade, bills and other receivables increased from RMB1,227.9 million as of December 31, 2025 to RMB1,298.0 million as of March 31, 2026, primarily due to our continued business growth in the same period.

Aging Analysis and Impairment

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
Within 1 year	309,828	440,249	577,337	655,004
1 to 2 years	1,192	2,061	3,348	2,492
2 to 3 years	613	23	141	739
Over 3 years	9,775	5,982	2,927	9,904
Subtotal	321,408	448,315	583,753	668,139
Less: loss allowance for trade receivables	(25,569)	(28,208)	(32,386)	(43,572)
Total	**295,839**	**420,107**	**551,367**	**624,567**

As of December 31, 2023. 2024 and 2025 and March 31, 2026, our allowance for impairment of trade receivables was RMB25.6 million, RMB28.2 million, RMB32.4 million and RMB43.6 million, respectively. See Note 26 to "Appendix I — Accountants' Report."

Turnover Days

The table below sets forth the turnover days of our trade receivables for the years/period indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	**2024**	**2025**	**2026**
Trade receivables turnover days[1]	5	6	8	9

Note:

(1) Trade receivables turnover days for each year/period equals the average of the beginning and ending gross trade receivables balance for that year/period divided by revenue for that year and multiplied by 365 days for the year ended December 31 and 90 days for the three months ended March 31.

Our trade receivables turnover days remained relatively stable at 5 days and 6 days in 2023 and 2024, respectively, and slightly increased to 8 days for 2025. The relatively short trade receivables turnover days during the Track Record Period were primarily due to our stringent credit risk management practices, which limited credit terms to a select group of key account customers. Our trade receivables turnover days remained stable at 8 days in 2025 and 9 days in the three months ended March 31, 2026.

Subsequent settlement

As of May 31, 2026, 70.8% of our trade receivables as of March 31, 2026, or RMB473.2 million, had been subsequently settled.

Property, Plant and Equipment

Our property, plant and equipment consists of (i) property and buildings, (ii) transportation vehicle, (iii) furniture, fixtures and equipment, (iv) leasehold improvement; and (v) construction in progress. The table below sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	(in RMB thousands)			
Property and buildings	1,671,260	3,039,658	3,384,317	3,401,386
Transportation vehicle	43,024	28,831	35,320	35,846
Furniture, fixtures and equipment	358,540	565,514	587,684	581,402
Leasehold improvement	26,561	109,360	97,450	104,664
Construction in progress	1,674,224	807,605	627,412	758,629
Total	**3,773,609**	**4,550,428**	**4,732,183**	**4,881,927**

Our property, plant and equipment increased from RMB3,773.6 million as of December 31, 2023 to RMB4,550.4 million as of December 31, 2024 and further increased to RMB4,732.2 million as of December 31, 2025. The increases in the carrying amount of our property, plant and equipment during the Track Record Period were primarily driven by construction of our self-owned smart manufacturing facility and expansion of our headquarters and purchase of equipment to support business growth. Our property, plant and equipment increased from RMB4,732.2 million as of December 31, 2025 to RMB4,881.9 million as of March 31, 2026, primarily due to our ongoing headquarter expansion.

Trade, bills and other payables

Our trade, bills and other payables primarily represent outstanding amounts payable to third parties, comprising trade payables, bill payables and other payables. Our trade, bills and other payables are non-interest-bearing and are normally settled within 60 days.

The table below sets forth the breakdown of our trade, bills and other payables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	(in RMB thousands)			
Trade payables	2,966,850	2,909,578	4,411,032	4,850,720
Bills payables	257,009	137,338	335,526	388,837
Other payables	1,401,701	1,514,772	1,361,309	1,175,520
Total	**4,625,560**	**4,561,688**	**6,107,867**	**6,415,077**

Our trade, bills and other payables remained relatively stable at RMB4,625.6 million and RMB4,561.7 million as of December 31, 2023 and December 31, 2024, respectively. Our trade, bills and other payables increased from RMB4,561.7 million as of December 31, 2024 to RMB6,107.9 million as of December 31, 2025 and further increased to RMB6,415.1 million as of March 31, 2026, primarily due to our strategic stocking for the increase in raw materials prices.

Aging Analysis

The table below sets forth the breakdown of the aging analysis of the trade payables.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	(in RMB thousands)			
Within 1 year	2,963,369	2,890,399	4,372,259	4,804,021
Over 1 year	3,481	19,179	38,773	46,699
Total	**2,966,850**	**2,909,578**	**4,411,032**	**4,850,720**

Turnover Days

The table below sets forth the turnover days for the trade payables for the years/period indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	**2024**	**2025**	**2026**
Trade payables turnover days[(1)]	67	61	68	84

Note:

(1) Trade payables turnover days for each year/period equals the average of the beginning and ending balances of trade payables for that year/period divided by cost of sales for that year and multiplied by 365 days for the year ended December 31 and 90 days for the three months ended March 31.

Our turnover days decreased from 67 days in 2023 to 61 days in 2024, returning to the normal level. Our turnover days increased to 68 days in 2025 and further increased to 84 days as of March 31, 2026, primarily due to our strategic stocking for the increase in raw materials prices.

Subsequent Settlement

As of May 31, 2026, RMB4,309.7 million, or 88.8% of our trade payables outstanding as of March 31, 2026 had been subsequently settled.

Contract Liabilities

Our contract liabilities refer to the obligation to transfer goods to customers in consideration of payments received or receivable from customers, primarily representing prepayments from customers. Contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations. The table below sets forth the breakdown of the contract liabilities as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
Non-current portion				
Contract liabilities	53,358	101,490	110,980	110,170
Current portion				
Contract liabilities	903,487	1,110,454	1,397,439	1,886,316
Total	**956,845**	**1,211,944**	**1,508,419**	**1,996,486**

Our contract liabilities increased from RMB956.8 million as of December 31, 2023 to RMB1,211.9 million as of December 31, 2024 and further increased to RMB1,508.4 million as of December 31, 2025. Our contract liabilities then increased to RMB1,996.5 million as of March 31, 2026, which was in line with our business and revenue growth. Of our revenue in 2023, 2024, 2025 and the three months ended March 31, 2026, approximately RMB981.9 million, RMB903.5 million, RMB1,110.5 million and RMB1,319.6 million were recognized from contract liabilities recorded at the beginning of the corresponding years, respectively.

Cash Flows

The table below sets forth our cash flows for the years/period indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
Net cash generated from/(used in) operating activities	785,839	1,028,838	572,028	(1,063,745)
Net cash (used in)/generated from investing activities	(561,777)	(247,719)	(3,167,482)	224,715
Net cash (used in)/generated from financing activities	(281,495)	(579,996)	257,355	1,250,258
Net (decrease)/increase in cash and cash equivalents	**(57,433)**	**201,123**	**(2,338,099)**	**411,228**
Cash and cash equivalents at the beginning of the year/period	4,714,752	4,681,386	4,889,691	2,522,991
Effects of exchange rate changes	24,067	7,182	(28,601)	(15,390)
Cash and cash equivalents at the end of the year/period	**4,681,386**	**4,889,691**	**2,522,991**	**2,918,829**

Operating Activities

In the three months ended March 31, 2026, we had net cash used in operating activities of RMB1,063.7 million, which primarily consists of profit before tax of RMB248.6 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of property, plant and equipment of RMB63.7 million, (ii) interest income from time deposits and certificates of deposits held of RMB56.1 million and (iii) write-down of inventories of RMB113.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB1,986.7 million and (ii) an increase in prepayments and other receivables of RMB197.3 million, partially offset by (i) an increase in trade, bills and other payables of RMB217.6 million and (ii) an increase in contract liabilities of RMB480.9 million.

In 2025, we had net cash generated from operating activities of RMB572.0 million, which primarily consists of profit before tax of RMB1,168.1 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of property, plant and equipment of RMB274.9 million, (ii) interest income from time deposits and certificates of deposits held of RMB225.1 million and (iii) write-down of inventories of RMB168.3 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB2,413.0 million and (ii) an increase in trade and bills receivables of RMB199.3 million, partially offset by (i) an increase in trade, bills and other payables of RMB1,576.6 million and (ii) an increase in contract liabilities of RMB290.2 million.

In 2024, we had net cash generated from operating activities of RMB1,028.8 million, which primarily consists of profit before tax of RMB1,046.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of property, plant and equipment of RMB271.8 million, (ii) interest income from bank deposits of RMB225.9 million, and (iii) interest income from time deposits and certificates of deposits held of RMB141.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in contract liabilities of RMB255.1 million, and (ii) an increase in deferred income of RMB28.9 million, partially offset by (i) an increase in inventories of RMB213.0 million, and (ii) an increase in prepayments and other receivables of RMB141.3 million.

In 2023, we had net cash generated from operating activities of RMB785.8 million, which primarily consists of profit before tax of RMB1,488.6 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) interest income from bank deposits of RMB330.1 million, (ii) depreciation of property, plant and equipment of RMB198.3 million, and (iii) interest income from time deposits and certificates of deposits held of RMB131.9 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade, bills and other payables of RMB254.8 million and (ii) an increase in deferred income of RMB11.7 million, partially offset by (i) an increase in inventories of RMB474.5 million, and (ii) an increase in prepayments and other receivables of RMB84.4 million.

Investing Activities

In the three months ended March 31, 2026, we had net cash generated from investing activities of RMB224.7 million, which primarily consists of (i) proceeds from disposal of investments and financial assets of RMB671.6 million and (ii) proceeds from time deposits and certificates of deposits held of RMB108.5 million, partially offset by (i) acquisition of property, plant and equipment and intangible assets of RMB320.4 million and (ii) acquisition of subsidiaries, net of cash and cash equivalent received of RMB214.5 million.

In 2025, we had net cash used in investing activities of RMB3,167.5 million, which primarily consisted of (i) acquisition of financial assets at FVTPL of RMB5,542.2 million, (ii) investment in time deposits and certificates of deposits held of RMB1,945.1 million and (iii) acquisition of property, plant and equipment and intangible assets of RMB692.6 million, partially offset by (i) proceeds from disposal of investments and financial assets of RMB4,120.2 million and (ii) proceeds from time deposits and certificates of deposits held of RMB742.4 million.

In 2024, we had net cash used in investing activities of RMB247.7 million, which primarily consists of (i) investment in time deposits and certificates of deposits held of RMB7,382.6 million, (ii), acquisition of property, plant and equipment and intangible assets of RMB1,010.0 million, and (iii) acquisition of financial assets at FVTPL of RMB770.0 million, partially offset by (i) proceeds from time deposits and certificates of deposits held of RMB7,572.4 million, and (ii) proceeds from disposal of investments and financial assets of RMB1,245.0 million.

In 2023, we had net cash used in investing activities of RMB561.8 million, which primarily consists of (i) investment in time deposits and certificates of deposits held of RMB10,100.2 million, (ii) acquisition of property, plant and equipment and intangible assets of RMB1,731.5 million and (iii) acquisition of financial assets FVTPL of RMB808.0 million, partially offset by (i) proceeds from time deposits and certificates of deposits held of RMB11,085.6 million and (ii) proceeds from disposal of investments and financial assets of RMB826.7 million.

Financing Activities

In the three months ended March 31, 2026, we had net cash generated from financing activities of RMB1,250.3 million, which primarily consists of proceeds from bank borrowings of RMB2,767.1 million, partially offset by (i) repayment of bank and other borrowings of RMB1,466.4 million and (ii) interest paid on borrowings of RMB26.6 million.

In 2025, we had net cash generated from financing activities of RMB257.4 million, which primarily consists of (i) proceeds from bank borrowings of RMB7,402.0 million and (ii) release of restricted bank deposits of RMB9.7 million, partially offset by (i) repayment of bank borrowings of RMB6,520.4 million, (ii) dividends paid of RMB471.5 million and (iii) interest paid on borrowings of RMB70.8 million.

In 2024, we had net cash used in financing activities of RMB580.0 million, which primarily consists of (i) repayment of bank borrowings of RMB3,185.8 million, (ii) dividends paid of RMB587.3 million, and (iii) proceeds from repurchase of shares of RMB249.9 million, partially offset by (i) proceeds from bank borrowings of RMB3,610.3 million, and (ii) proceeds from restricted shares under share-award scheme of RMB110.3 million.

In 2023, we had net cash used in financing activities of RMB281.5 million, which primarily consists of (i) repayment of bank borrowings of RMB2,136.7 million, (ii) dividends paid of RMB736.3 million and (iii) proceeds from repurchase of shares of RMB100.0 million, partially offset by (i) proceeds from bank borrowings of RMB2,795.3 million, and (ii) release of restricted bank deposit of RMB39.1 million.

INDEBTEDNESS

The table below sets forth the indebtedness as of the dates indicated.

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
	(in RMB thousands)				
					(Unaudited)
Current					
Borrowings	2,646,600	2,710,171	3,923,130	5,195,960	4,743,032
Lease liabilities	24,813	21,674	19,396	21,524	22,187
Subtotal	2,671,413	2,731,845	3,942,526	5,217,484	4,765,219
Non-current					
Borrowings	203,171	564,033	235,009	276,411	294,905
Lease liabilities	39,638	26,365	28,950	36,362	38,700
Subtotal	242,809	590,398	263,959	312,773	333,605
Total	**2,914,222**	**3,322,243**	**4,206,485**	**5,530,257**	**5,098,824**

Borrowings

During the Track Record Period, our borrowings primarily represented bank borrowings. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our borrowings amounted to RMB2,849.8 million, RMB3,274.2 million, RMB4,158.1 million and RMB5,472.4 million, respectively. The increases of our borrowings during the Track Record Period, were primarily due to our efforts to obtain financings from commercial banks and financial institutions to support our business growth. We further recorded borrowings of RMB5,037.9 million as of May 31, 2026, being the most recent practicable date for determining our indebtedness.

During the Track Record Period, our borrowings were obtained from commercial banks and financial institutions, with the effective interest rates ranging from 0.90% to 4.10% per annum. Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. For details, see note 31 to "Appendix I — Accountants' Report."

As of May 31, 2026, being the most recent practicable date for determining our indebtedness, we had unutilized bank facilities of RMB10,236.3 million.

Lease Liabilities

Our lease liabilities, including current and non-current portions, were primarily in relation to our lease of land use rights and buildings used in our operations.

As of December 31, 2023, 2024 and 2025, March 31, 2026 and May 31, 2026, the balance of our lease liabilities, including both current and non-current portions, was RMB64.5 million, RMB48.0 million, RMB48.3 million, RMB57.9 million and RMB60.9 million, respectively. The fluctuation reflects adjustments in our leasing arrangements over time, including termination or renewal of certain leases, addition of new leased spaces, or changes in lease terms.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "— Indebtedness," we did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities.

There had not been any material change in our indebtedness since May 31, 2026 and up to the Latest Practicable Date. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

CONTINGENT LIABILITIES

As of May 31, 2026, we did not have any material contingent liabilities.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our historical capital expenditures have primarily been related to property, plant and equipment and intangible assets. In 2023, 2024, 2025 and the three months ended March 31, 2026, our capital expenditures amounted to RMB1,731.5 million, RMB1,010.0 million, RMB692.6 million and RMB320.4 million, respectively.

We plan to continue capital expenditures to support our business growth and expansion strategy. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]." We intend to fund these expenditures with available financial resources, including cash generated from operations, net [**REDACTED**] from the [**REDACTED**], and potential future equity or debt financing.

Capital Commitments

The table below sets forth the capital commitments as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(in RMB thousands)			
Construction in progress	350,310	435,189	148,413	257,691
Investment in financial asset at FVTPL	–	–	–	55,000
Total	**350,310**	**435,189**	**148,413**	**312,691**

RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 46 to "Appendix I — Accountants' Report." Our Directors confirm that these transactions were conducted at arm's length basis.

KEY FINANCIAL RATIOS

	Year Ended/As of December 31,			Three Months Ended/As of March 31,
	2023	2024	2025	2026
Return on assets[1]	6.4%	4.6%	4.4%	0.9%
Return on equity[2]	10.9%	7.9%	8.3%	1.8%
Gearing ratio[3]	22.6%	25.3%	30.3%	39.0%
Current ratio[4]	1.6	1.1	1.1	1.1
Quick ratio[5]	1.3	0.8	0.7	0.6

Notes:

1. Return on assets is calculated based on the total profit for the relevant year/period divided by the ending balance of total assets and multiplied by 100%.
2. Return on equity is calculated based on the total profit for the relevant year/period divided by the ending balance of total equity and multiplied by 100%.
3. Gearing ratio is calculated based on the borrowings and lease liabilities divided by the ending balance of total equity and multiplied by 100%.
4. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year/period.
5. Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective year/period.

DISCLOSURE ABOUT FINANCIAL RISK

The main risks arising from our financial instruments are foreign currency risk, credit risk, liquidity risk and capital management risk.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, we have currency exposures from our cash and cash equivalent. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our Group's financial condition and results of operations. See Note 42 to "Appendix I — Accountants' Report."

Credit Risk

Credit terms are granted to customers who are in good credit reputation. The Directors review significant trade debts at each reporting period's end to ensure adequate impairment provisions for irrecoverable amounts. We classify financial instruments on the basis of shared credit risk characteristics, such as instrument types and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. See Note 40 and 42 to "Appendix I — Accountants' Report."

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. We monitor and maintain a level of cash and bank balances and unused banking facilities deemed adequate by management to finance our operations and mitigate the effects of fluctuations in cash flows. See Note 42 to "Appendix I — Accountants' Report."

Capital Management Risk

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders' value.

Our management regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. We will balance out overall capital structure through the payment of dividends, new share issues as well as the issue of new debts. No change was made in our overall strategy of managing capital during the Track Record Period. See Note 41 to "Appendix I — Accountants' Report."

We invest in unlisted investments, which represent wealth management products issued by banks in Chinese Mainland. We have estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values have been assessed to be approximate to their carrying amounts. The discount for lack of marketability represents the amounts of premiums and discounts determined by our Group that market participants would take into account when pricing the investments.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. Our investments are primarily in unlisted wealth management products issued by reputable banks in Chinese Mainland. These products are selected for their low-risk profiles, predictable cash flows, and alignment with our overall financial strategy of optimizing liquidity management while balancing risk and return.

To ensure proper oversight and mitigate risks, we have established a robust internal control mechanism for managing these investments. All potential investments are subject to a rigorous evaluation process, which involves assessing the risk-return profile, the creditworthiness of the issuing bank, and compliance with our investment policies. Once investments are made, we conduct continuous monitoring of their performance and credit risk, with regular updates provided to senior management and the Board. Additionally, our internal audit team periodically reviews the investment process to ensure adherence to regulatory requirements and internal policies.

Our management team has significant expertise in evaluating and managing financial investments, particularly wealth management products. With strong backgrounds in finance, accounting, and risk management, our team is well-equipped to analyze market trends, assess risks, and make informed decisions. We also remain vigilant about changes in financial markets and regulatory developments, which allows us to manage our investments proactively and effectively.

Our Board is actively involved in overseeing and governing our investment activities. It approves our overall investment policy to ensure alignment with our strategic objectives and provides oversight for key decisions regarding wealth management investments. Any proposed investment that exceeds a predetermined threshold or carries a higher level of risk requires prior approval from the Board. Furthermore, the Board receives regular reports on the performance and risk assessment of our investments, enabling it to provide ongoing guidance and oversight. Investments in wealth management products are subject to a multi-level approval process. Both the management team and the Board are involved, depending on the size and risk profile of the investment. This rigorous approval framework ensures that all investment decisions are thoroughly scrutinized and align with our financial and risk management objectives. The investment in these assets will be subject to the compliance with Chapter 14 of the Listing Rules upon the [**REDACTED**] and the [**REDACTED**].

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

DIVIDEND POLICY

Subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號－上市公司現金分紅(2025年修訂)》), and the Articles of Association, we are required to pay cash dividends of no less than 30% of the distributable profits recorded in the fiscal year.

We adopted Shareholder Return Plan for 2024-2026 in 2024. We have strictly implemented this plan, which outlines the decision-making process for setting dividend standards and profit distribution policies, aiming to ensure a stable and consistent approach to profit distribution. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

During the Track Record Period, we declared cash dividends to our Shareholders as follows:

	For the Year Ended December 31,			Three Months Ended March 31,
	2023	**2024**	**2025**	**2026**
	(in RMB thousands)			
Dividends attributable to the year/period	587,312	471,548	499,286	–

DISTRIBUTABLE RESERVE

As of March 31, 2026, our consolidated retained earnings amounted to RMB8,803.2 million, which is available for distribution to our Shareholders.

DISCLOSURE REQUIRED UNDER RULES 13.13 to 13.19 OF THE HONG KONG LISTING RULES

Except as otherwise disclosed in this Document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Hong Kong Listing Rules.

UNAUDITED [REDACTED] FINANCIAL INFORMATION

For details, see "Appendix II — Unaudited [**REDACTED**] Financial Information."

[REDACTED] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**] commission and fees incurred in connection with the [**REDACTED**] and the [**REDACTED**]. Our [**REDACTED**] expenses are estimated to be approximately RMB[**REDACTED**] (including [**REDACTED**] commission) accounting for [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming that an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**] range stated in this Document). Among our [**REDACTED**] expenses, approximately RMB[**REDACTED**] is directly attributable to the issuance of Shares and will be charged to equity upon completion of the [**REDACTED**], and approximately RMB[**REDACTED**] has been or will be charged to our consolidated statement of comprehensive income. The [**REDACTED**] expenses we incurred in the Track Record Period and expect to incur would consist of approximately RMB[**REDACTED**] related expenses and fees (including [**REDACTED**] commissions, SFC transaction levy, Hong Kong Stock Exchange trading fee and AFRC transaction levy), approximately RMB [**REDACTED**] non-[**REDACTED**]-related expenses and fees including fees for the Joint Sponsors, legal advisors and reporting accountant and approximately RMB[**REDACTED**] for other non-[**REDACTED**]-related fees and expenses.

The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE AND RECENT DEVELOPMENTS

In the six months ended June 30, 2026, we delivered strong revenue growth compared to the same period in 2025. This performance was primarily attributable to increased revenue from LCD controller boards, household appliance (white goods) control components, automotive electronics control components and power electronics control components, mainly driven by effective supply chain and inventory management in response to rising raw material costs, expanded product portfolio and customer base and robust downstream demand.

Our Directors confirmed that, as of the date of this Document, there has been no material adverse change in our financial position since March 31, 2026, and there has been no event since March 31, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.