You should read the following discussion and analysis in conjunction with our audited consolidated financial statements included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business."

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the largest provider of automotive lighting products in China and one of the major participants in the global automotive lighting market by sales revenues in 2025, according to Frost & Sullivan. We are dedicated to the manufacturing, sales and services of automotive lighting products designed to deliver safety-oriented, interactive and intelligent user experiences while supporting diverse in-vehicle applications and customized functions, leveraging our capabilities in technology innovation and intelligent manufacturing.

We achieved sustained growth in our revenue and profit during the Track Record Period. Our revenue increased by 29.3% from RMB10,248.4 million in 2023 to RMB13,252.9 million in 2024, and further increased by 15.1% to RMB15,256.7 million in 2025. Our revenue also increased by RMB335.4 million, or 10.8%, from RMB3,094.5 million in the three months ended March 31, 2025 to RMB3,429.9 million in the three months ended March 31, 2026. Our gross profit increased by 20.7% from RMB2,096.3 million in 2023 to RMB2,529.3 million in 2024, and further increased by 18.1% to RMB2,987.2 million in 2025. Our gross profit increased from RMB583.2 million in the three months ended March 31, 2025 to RMB663.5 million in the three months ended March 31, 2026. In 2023, 2024 and 2025, our gross profit margin was 20.5%, 19.1% and 19.6% respectively, and was 18.8% and 19.3% for the three months ended March 31, 2025 and March 31, 2026 respectively.

BASIS OF PREPARATION

The International Accounting Standards Board ("**IASB**") has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this historical financial information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period. The new and revised accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2025 are set out in Note 2 to the Accountants' Report in Appendix I.

The historical financial information has been prepared under the historical cost convention except for equity investments designated at FVTOCI, debt investments at FVTOCI, financial assets at FVTPL and financial liabilities at FVTPL which have been measured at fair value at the end of each period during the Track Record Period and in the period covered by the interim comparative financial information.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Specific Factors

Industry Development and Downstream Market Demand

Our business focuses on the R&D, production and sales of automotive lighting products, which are expected to continue to be affected by the changes in the automotive market and the demands of our customers.

The automotive lighting industry has demonstrated steady growth in recent years. According to Frost & Sullivan, from 2020 to 2025, the global automotive lighting market expanded from RMB246.6 billion to RMB316.0 billion, growing at a CAGR of 5.1%. Over the same period, China's market increased from RMB88.7 billion to RMB119.4 billion at a CAGR of 6.1%. As electrification and intelligence deepen across the global and Chinese automotive sectors, intelligent lighting adoption is set to accelerate. The global and China market is projected to reach RMB434.7 billion and RMB167.9 billion by 2030. Capitalizing on our strong technology capacity and strong market position that allow us to effectively capture market opportunities brought up by the growing market demand, especially on intelligent lighting products, we derived total revenue of RMB10.2 billion, RMB13.3 billion and RMB15.3 billion in 2023, 2024 and 2025 respectively.

The industry we operate is also relatively competitive. As technological barriers and economies of scale in the automotive lighting industry become increasingly pronounced, the PRC and global markets have continued to consolidate. Meanwhile, competition of the automotive lighting industry may put pressure on our revenue and profits and adversely affect our profit margins. To solidify and deepen our relationship with our customers, we maintain a robust PRC and international network encompassing R&D centers, production bases as well as sales offices, which is essential for securing and expanding our presence in both the domestic and international markets. As a result, we are well-positioned to reinforce our market leadership and capitalize on emerging business opportunities by leveraging our strong brand recognition, diverse product mix, advanced technology, lean production and high-quality customer base. Going forward, we believe that we are well-positioned to capture future market opportunities to achieve continuous growth.

Ability to Maintain and Engage Customers and Seize Market Opportunities

Our business growth is driven by our ability to expand our customer base and maintain our relationships with existing customers. We serve high-quality automotive manufacturers globally. We optimize resource allocation efficiently across various regions, enabling us to provide automotive manufacturers with superior R&D, supply chain and production solutions both in China market and overseas, while also ensuring rapid and effective local response. According to Frost & Sullivan, we have established business relationships with nine of the world's top ten automotive manufacturers by vehicle sales volume calculated on a group level in 2025.

Our future growth will depend on our abilities to identify and capitalize on major market opportunities, including the increasing penetration of NEVs, the rising market share of Chinese domestic brands, and the international expansion of Chinese automotive manufacturers. By leveraging our competitive advantages in localization and our network of synergistic factories, we have successfully strengthened our presence in the Chinese market, with particular focus on leading domestic brands and NEV manufacturers. Our continued R&D investment and deep involvement in automotive lighting products and relevant components has also enabled us to substantially expand our product portfolio and secure orders.

R&D Capabilities and Product Upgrades

Our R&D capabilities are fundamental and crucial to our business operations and financial performance. We officially took the lead in initiating and releasing China's first ISO standard project for automotive lighting. Our research and development expenses amounted to RMB610.2 million, RMB655.5 million, RMB883.7 million, RMB186.0 million and RMB229.0 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, accounting for 6.0%, 4.9%, 5.8%, 6.0% and 6.7% of our revenue for the relevant year/period. We are committed to long-term investment in R&D activities and our historical R&D investment continue to translate into commercial success, allowing us to benefit from economies of scale in R&D activities.

Our R&D capabilities span five core fields: optics, mechanics, electronics, software and materials. Guided by in-depth insights into client needs, we carry out creative styling design and co-creation of automotive lighting application scenarios. Through rigorous optical system design and simulation, and under the drive of parameterized software algorithms, these solutions are integrated into precision-engineered structural components to deliver intelligent automotive lighting solutions that support illumination, projection-based interaction and display functions. To address the requirements of diverse application scenarios, we also collaborate with upstream suppliers to develop specialized polymer materials tailored for automotive lighting applications.

We have made, and will continue to make, significant investments in people, technology and R&D, to reinforce the leadership in our technology and gross profit margin, thereby solidifying our market leadership and providing great customer experience. Going forward, we expect to continue to invest in R&D and recruit top technical talent, focusing on innovation strategies and emerging fields to enhance our competitiveness and deliver superior products and experiences to our customers.

Our Ability to Control Costs and Improve Operational Efficiency

Our ability to manage costs and enhance efficiency will impact the results of our operations. The design, development and manufacturing of automotive lighting products constitute a highly complex, multidisciplinary and systematic process. Through our vertically integrated operating model, we have established in-house capabilities across key areas. As one of the few automotive lighting manufacturers in the industry with in-house electronics factories, we have established (i) professional electronics R&D and process engineering teams throughout the entire lifecycle of automotive lighting projects, (ii) advanced automated assembly lines with 100% automated inspection implemented at critical process stages, (iii) advanced in-house tooling design and manufacturing capabilities, with in-house manufacturing rate for highly technical multicolor lampshade and optical component molds reaching 95%, significantly exceeding the industry average. As of the Latest Practicable Date, the in-house manufacturing rate of equipment used in our automotive lighting assembly processes exceeded 90%, fully supporting the production requirements of various product types and realizing cost efficiency.

In terms of business processes, we promote the digitalization of R&D, operations and decision-making, and have established a full-scale digital system. Its core value lies in optimizing resource allocation, improving cross-departmental efficiency, supporting production, operation and management decision-making and controlling operating costs.

During the Track Record Period, the cost of sales remain at a stable level, accounting for 79.5%, 80.9% and 80.4% of our total revenue for 2023, 2024 and 2025, respectively, and accounting for 81.2% and 80.7% for the three months ended March 31, 2025 and March 31, 2026, respectively. As we further expand our production, we will continue to implement various cost control measures and maintain the high efficiency and stability with respect to supply chain, production, R&D and other process. We will also actively leverage our vertically integrated operating model of in-house design and production capacities to further unleash economies of scale, thereby sustaining high revenue growth.

Our Management of Trade and Bills Receivables

Our capability to manage the level of trade and bills receivables will affect our cash level and liquidity as well as our financial condition. We value the managing of receivables and have established a comprehensive and effective system for management and tracking our trade and bills receivables, along with a corresponding customer credit management and assessment regime. This system integrates preventive controls, such as credit assessment, with active process management. For example, our senior management regularly reviews the recoverability of our outstanding balances, and we have a dedicated department responsible for continually monitoring the credit profiles as well as operating and financial condition of our customers. Our trade receivables turnover days in 2023, 2024, 2025 and the three months ended March 31, 2026 were 77 days, 103 days, 106 days and 112 days, respectively. We believe that as we continue to strengthen our customer partnerships and enhance our receivables management mechanisms, we will maintain efficient receivables management, thereby supporting our business liquidity.

Inventory Management

Effective inventory management is essential for maintaining the sustainability and flexibility of our production, as well as enabling us to swiftly respond to fluctuations in market demand. We formulate procurement strategies based on supply forecasts, market analysis, and the estimates of fluctuations in procurement years and prices, and regularly monitor the inventory balance and consumption, enabling us to maintain a reasonable and safe inventory level to respond to changes in customer demand and raw material price fluctuations.

The integration of our supply chain, production bases and warehouses allows us to manage our inventory with flexibility and adaptability, thereby reducing overstocking costs and enhancing the efficiency of inventory management, which in turn enables us to respond swiftly to the needs of customers in different regions. Our inventory turnover days in 2023, 2024, 2025 and the three months ended March 31, 2026 were 101 days, 82 days, 76 days and 80 days, respectively.

We further achieve digitalization and standardization of inventory management through the integration of ERP, MES and WMS systems, thereby improving the efficiency and accuracy of our inventory management processes.

General Factors

Our business and results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are beyond our control, including the following: (i) development of macroeconomic conditions; (ii) government policies and regulations in relation to the automotive lighting; (iii) evolving consumption patterns and habits in China and globally; (iv) continuous growth and evolving competitive landscape of the automotive lighting products and automotive industry; and (v) technology development of intelligent driving and automated driving in recent years, which contributed to the growing demand for automotive electronics and intelligent automotive lighting products.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are material to the preparation of our financial information. See Notes 3 and 4 to the Accountants' Report in Appendix I to this Document for details of our material accounting policies, judgments and estimates, which are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the year/period indicated.

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
REVENUE	**10,248,446**	**100.0**	**13,252,934**	**100.0**	**15,256,666**	**100.0**	**3,094,510**	**100.0**	**3,429,874**	**100.0**
Cost of sales	(8,152,112)	(79.5)	(10,723,601)	(80.9)	(12,269,446)	(80.4)	(2,511,317)	(81.2)	(2,766,371)	(80.7)
GROSS PROFIT	**2,096,334**	**20.5**	**2,529,333**	**19.1**	**2,987,220**	**19.6**	**583,193**	**18.8**	**663,503**	**19.3**
Other income	145,988	1.4	196,758	1.4	172,097	1.1	40,228	1.3	44,418	1.3
Other gains and losses, net	(5,933)	(0.1)	(28,237)	(0.2)	3,394	0.0	(1,338)	(0.0)	(11,674)	(0.3)
Investment income	56,388	0.6	47,201	0.3	44,094	0.3	9,972	0.3	8,860	0.3
(Allowance for)/reversal of ECL on financial assets at amortized cost	(98,501)	(1.0)	(56,957)	(0.4)	(288)	(0.0)	18,777	0.6	23,806	0.7
Selling expenses	(46,828)	(0.5)	(55,787)	(0.4)	(62,495)	(0.4)	(11,309)	(0.4)	(10,739)	(0.3)
Administrative expenses	(332,760)	(3.2)	(377,980)	(2.9)	(440,178)	(2.9)	(86,933)	(2.8)	(103,817)	(3.0)
Research and development expenses	(610,244)	(6.0)	(655,493)	(4.9)	(883,712)	(5.8)	(185,966)	(6.0)	(228,990)	(6.7)
Finance costs	(1,352)	0.0	(6,410)	0.0	(6,903)	0.0	(4,373)	(0.1)	(3,548)	(0.1)
PROFIT BEFORE TAX	**1,203,092**	**11.7**	**1,592,428**	**12.0**	**1,813,229**	**11.9**	**362,251**	**11.7**	**381,819**	**11.2**
Income tax expenses	(100,961)	(0.9)	(184,145)	(1.4)	(189,145)	(1.2)	(40,138)	(1.3)	(26,662)	(0.8)
PROFIT FOR THE YEAR/PERIOD	**1,102,131**	**10.8**	**1,408,283**	**10.6**	**1,624,084**	**10.7**	**322,113**	**10.4**	**355,157**	**10.4**

Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS.

We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as illustrated in the following table. The terms "adjusted net profit" and "adjusted EBITDA" are not defined under IFRS, and such terms may not be comparable to other similarly-named measures used by other companies.

We define our adjusted net profit (non-IFRS measure) as net profit adjusted by adding back (i) share-based payment expense relates to the grant of shares under Employee Stock Schemes and is a non-cash expense, and (ii) [**REDACTED**] expense relates to the [**REDACTED**] of the Company.

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period	**1,102,131**	**1,408,283**	**1,624,084**	**322,113**	**355,157**
Add back:					
Share-based payment	–	1,626	22,605	5,110	8,766
[**REDACTED**] expense	–	–	966	–	622
Adjusted net profit (non-IFRS measure)	**1,102,131**	**1,409,909**	**1,647,655**	**327,223**	**364,545**
Add back:					
Finance costs	1,352	6,410	6,903	4,373	3,548
Income tax expense	100,961	184,145	189,145	40,138	26,662
Depreciation of property, plant and equipment	416,351	501,645	566,237	133,973	152,143
Depreciation of right-of-use assets	25,224	24,265	24,697	15,370	6,358
Amortization of intangible assets	17,692	34,736	43,789	602	11,307
Less:					
Interest income from bank deposits	(17,933)	(14,290)	(9,567)	(2,183)	(1,399)
Adjusted EBITDA (non-IFRS measure)	**1,645,778**	**2,146,820**	**2,468,859**	**519,496**	**563,164**
Adjusted EBITDA margin (non-IFRS measure)	**16.1%**	**16.2%**	**16.2%**	**16.8%**	**16.4%**

Revenue

During the Track Record Period, our revenue was derived from the sales of automotive lighting products and others. We experienced a steady revenue growth during the Track Record Period. In 2023, 2024 and 2025, our revenue for such relevant years are RMB10,248.4 million, RMB13,252.9 million and RMB15,256.7 million, respectively. For the three months ended March 31, 2025 and 2026, our revenue also increased from RMB3,094.5 million to RMB3,429.9 million.

Revenue by Product Category

The following tables set forth the breakdown of our revenue by (i) each product category and (ii) intelligent and non-intelligent products for the years/periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Automotive Lighting Products										
Front lighting	5,242,916	51.2	7,223,256	54.5	8,040,376	52.7	1,584,755	51.2	1,941,494	56.6
Rear lighting	3,433,768	33.5	4,442,853	33.5	5,546,860	36.4	1,154,405	37.3	1,154,336	33.7
Other lighting	904,826	8.8	757,737	5.7	628,189	4.1	158,471	5.1	137,924	4.0
Controllers	34,503	0.3	76,854	0.6	215,500	1.4	29,002	1.0	57,504	1.7
Sub-total	**9,616,013**	**93.8**	**12,500,700**	**94.3**	**14,430,925**	**94.6**	**2,926,633**	**94.6**	**3,291,258**	**96.0**
Others [(1)]	632,433	6.2	752,234	5.7	825,741	5.4	167,877	5.4	138,616	4.0
Total	**10,248,446**	**100.0**	**13,252,934**	**100.0**	**15,256,666**	**100.0**	**3,094,510**	**100.0**	**3,429,874**	**100.0**

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Revenue RMB'000	*%*	*Revenue RMB'000*	*%*	*Revenue RMB'000*	*%*	*Revenue RMB'000* (unaudited)	*%*	*Revenue RMB'000*	*%*
Automotive Lighting Products										
Intelligent automotive lighting	29,123	0.3	1,742,651	13.1	2,573,354	16.9	279,067	9.0	672,415	19.6
Non-intelligent automotive lighting	9,552,387	93.2	10,681,195	80.6	11,642,071	76.3	2,618,564	84.6	2,561,339	74.7
Controller	34,503	0.3	76,854	0.6	215,500	1.4	29,002	1.0	57,504	1.7
Sub-total	**9,616,013**	**93.8**	**12,500,700**	**94.3**	**14,430,925**	**94.6**	**2,926,633**	**94.6**	**3,291,258**	**96.0**
Others[(1)]	632,433	6.2	752,234	5.7	825,741	5.4	167,877	5.4	138,616	4.0
Total	**10,248,446**	**100.0**	**13,252,934**	**100.0**	**15,256,666**	**100.0**	**3,094,510**	**100.0**	**3,429,874**	**100.0**

Note (1): Others mainly represent sales of raw materials, warning triangles, and other automotive components.

The following tables set forth the breakdown of our sales volume and average selling price of our key products by (i) each product category, and (ii) intelligent and non-intelligent products for the years/periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Sales Volume (units (in thousands))	Average selling price[1] (RMB/unit)	Sales Volume (units (in thousands))	Average selling price[1] (RMB/unit)	Sales Volume (units (in thousands))	Average selling price[1] (RMB/unit)	Sales Volume (units (in thousands))	Average selling price[1] (RMB/unit)	Sales Volume (units (in thousands))	Average selling price[1] (RMB/unit)
							(unaudited)			
Automotive Lighting Products										
Front Lighting	11,071	473.6	12,592	573.6	13,085	614.5	2,926	541.6	3,063	633.6
Rear Lighting	15,858	216.5	17,488	254.1	19,043	291.3	4,272	270.2	3,831	301.3
Other Lighting	43,009	21.0	37,744	20.1	27,403	22.9	8,319	19.0	5,635	24.5
Controllers[2]	108	320.2	536	143.4	1,340	160.8	191	151.8	348	165.2
Total	**70,046**		**68,360**		**60,871**		**15,708**		**12,877**	

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Sales Volume (units (in thousands))	*Average selling price[1] (RMB/unit)*	*Sales Volume (units (in thousands))*	*Average selling price[1] (RMB/unit)*	*Sales Volume (units (in thousands))*	*Average selling price[1] (RMB/unit)*	*Sales Volume (units (in thousands))*	*Average selling price[1] (RMB/unit)*	*Sales Volume (units (in thousands))*	*Average selling price[1] (RMB/unit)*
							(unaudited)			
Automotive Lighting Products										
Intelligent automotive lighting	7	4,141.0	479	3,636.8	1,583	1,625.8	86	3,260.8	295	2,282.5
Non-intelligent automotive lighting	69,931	136.6	67,345	158.6	57,948	200.9	15,431	169.7	12,234	209.3
Controllers[2]	108	320.2	536	143.4	1,340	160.8	191	151.8	348	165.2
Total	**70,046**		**68,360**		**60,871**		**15,708**		**12,877**	

Note:

(1) Average selling price is stated net of taxes.

(2) We provide a variety of controllers across a wide price range.

During the Track Record Period, our revenue growth was mainly driven by the following:

- The sales of automotive lighting products, which are our major products, representing 93.8% to 96.0% of our total revenue.
- Our automotive lighting products primarily include front lighting, rear lighting, other lighting and controllers, generating the increases from RMB9,616.0 million in 2023 to RMB12,500.7 million in 2024, with a year-on-year growth of 30.0%, and further increased to RMB14,430.9 million in 2025, indicating a continuous yearly growth of 15.4%. Our revenue generated from automotive lighting products increased by 12.5% from RMB2,926.6 million in the three months ended March 31, 2025 to RMB3,291.3 million in the three months ended March 31, 2026.
- Along with the rapid development of the NEV market and the growing demand of intelligent automotive lighting components, we experienced (i) a shift in product mix towards intelligent automotive lighting products with higher average selling prices, and (ii) an increase in sales volume of intelligent automotive lighting products. The unit price of intelligent front lighting products typically ranged from RMB1,800 to RMB6,700, whereas the unit price of conventional front lighting products typically ranged from RMB170 to RMB2,400, reflecting a lower price spectrum compared to intelligent front lighting products. The unit price of intelligent rear lighting products ranged from approximately RMB480 to RMB2,200, also much higher than the unit price of conventional rear lighting products that ranged from approximately RMB70 to RMB1,900. With respect to the products mix, the contribution of intelligent automotive lighting products by revenue significantly increased from 0.3% in 2023 to 13.1% in 2024, and further increased to 16.9% in 2025 and from 9.0% in the three months ended March 31, 2025 to 19.6% in the three months ended March 31, 2026. As we focused more on production of intelligent automotive lighting products, the volume of our other lighting products slightly decreased, but the revenue generated by non-intelligent automotive lighting products still realized consistent increase from 2023 to 2025, by 11.8% from 2023 to 2024 and by 9.0% from 2024 to 2025, driven by the slight increase of price and the demand in traditional automotive lighting market. The revenue generated by non-intelligent automotive lighting products slightly decreased 2.2% comparing the three months periods ended March 31, 2025 and 2026, mainly due to the decrease of sales volume of certain types of non-intelligent rear lights and small lights affected by the sales decline of relevant types of vehicles by our customers.
- The growth in our automotive lighting revenue also reflected structural differences between our business positioning and that of certain industry peers. The development of the automotive lighting market during the Track Record Period was primarily driven by the rapid growth of NEVs and increasing penetration of intelligent vehicle technologies, particularly in China. In 2025, China's NEV sales reached approximately 16.5 million units, representing year-on-year growth of 27.9%, significantly outpacing the overall automotive market growth rate.
- We benefited from our early technological investment and accumulated project experience in intelligent automotive lighting products. According to Frost & Sullivan, we held approximately 28.4% market share in China's intelligent automotive lighting market in 2025, enabling us to capture growth opportunities arising from the increasing adoption of intelligent lighting systems by domestic automotive manufacturers.
- Our revenue growth was further supported by our customer mix, which includes fast-growing domestic automotive brands and NEV manufacturers, such as Seres,

NIO, Xpeng, Li Auto, and a leading American NEV manufacturer. These manufacturers have actively adopted intelligent lighting technologies to enhance vehicle differentiation and user experience. By contrast, certain comparable automotive lighting manufacturers are more closely aligned with specific downstream automotive manufacturers or regional markets and may therefore be more affected by fluctuations in the sales performance of such customers. For example, automotive lighting suppliers associated with joint-venture brands or overseas manufacturers experienced weaker demand in China during the period due to declining vehicle sales among such brands. In addition, some global lighting manufacturers have historically focused on conventional lighting products or have been slower to expand into intelligent lighting applications due to constraints arising from vehicle platform architectures and customer product strategies.

Analysis on annual changes regarding sales volume and average selling price per unit ("**ASP**"):

(1) ASP for intelligent automotive lights and non-intelligent automotive lights:

During the Track Record Period, the ASP of non-intelligent automotive lighting products, including conventional front lights, rear lights and other lights, presented a steady and sustained growth from RMB136.6 in 2023 to RMB200.9 in 2025, and slightly increased to RMB209.3 in the three months ended March 31, 2026, mainly resulting from growing customer demands for more diversified conventional automotive lighting products with complex functionality and high performance.

The ASP for intelligent automotive lighting products, which are composed of intelligent front lights and intelligent rear lights, showed a decrease from 2023 to 2025 (from RMB4,141.0 to RMB1,625.8), and slightly increased to RMB2,282.5 in the three months ended March 31, 2026. The high ASP for intelligent automotive lights in 2023 was mainly because we priced in the cost incurred on R&D, testing, samples in our first year in developing stage of intelligent lighting products, before mass production, which were borne by the customers in the year. We have realized mass production for intelligent automotive lighting products since 2024, leading to the decrease of ASP from 2023 to 2024. Further, in 2024, the sales volume ratios of intelligent front lights and intelligent rear lights were approximately 67% and 33% of the total sales volume of intelligent automotive lights, which reversed to 30% and 70% for intelligent front lights and intelligent rear lights in 2025 after our commencement of mass production of intelligent rear lighting products. Given the ASP for intelligent front lights is much higher (approximately RMB1,800 to RMB6,700) compared to the ASP for intelligent rear lights (approximately RMB480 to RMB2,200), the overall ASP for intelligent automotive lighting products showed a decreasing trend from 2024 to 2025. During the three months ended March 31, 2026, when our sales volume of the intelligent front lights increased to over 50% of sales of all intelligent automotive lighting products, the ASP for intelligent automotive lighting products was driven higher than the ASP in 2025 since the intelligent front lights carried a higher ASP compared to the intelligent rear lights.

(2) ASP for major automotive lighting products:

The ASP for both front lighting and rear lighting products increased annually during the Track Record Period (the ASP of front lights increased from RMB473.6 to RMB633.6, and the ASP of rear lights increased from RMB216.5 to RMB301.3), mainly resulting from: (i) the significant increase in revenue contributed by intelligent lighting products in line with our product mix changes during the Track Record Period, and (ii) the steady and sustained growth of ASP for conventional front and rear lighting products.

The ASP for other lighting products remained steady from 2023 to 2024, and increased slightly in 2025 and in the three months ended March 31, 2026 as a result of increase in sales of technology-intensive and high-value small lights from our customers due to growing customer demand.

Our sales of controllers in 2023 were very limited and focused on several high-value types of controllers only, resulting in higher ASP of the year. In 2024, we offered more diversified types of controller products in a broad price range, resulting in the decrease of the ASP accordingly. In 2025 and the three months ended March 31, 2026, the ASP of our controller remained stable at RMB160.8 and RMB165.2, respectively.

(3) Sales volume decrease for other lighting products and non-intelligent automotive lighting products:

Contrary to the increase of sales volumes of other major products, the sales of our other lighting products showed a decreasing trend during the Track Record Period, mainly attributable to (i) the decrease in demand of interior lights, (ii) the reduction in sales of fog lights since front fog lights were no longer statutorily required and relevant function has been partially combined in front lights. The reduction of sales volume of non-intelligent lighting products mainly resulted from the reduction of sales of other lighting products.

Revenue by Geographic Location

The following table sets forth the breakdown of our revenue by geographic countries, both in absolute amounts and as a percentage of our total revenue for the years/periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
The PRC	9,902,650	96.6	12,733,379	96.1	14,599,245	95.7	2,921,876	94.4	3,234,841	94.3
Others:	345,796	3.4	519,555	3.9	657,421	4.3	172,634	5.6	195,033	5.7
– Germany	146,235	1.4	239,273	1.8	299,971	2.0	64,642	2.0	112,316	3.3
– Czech Republic	34,483	0.3	84,462	0.6	143,501	0.9	32,589	1.1	40,545	1.2
– Brazil	61,318	0.6	51,703	0.4	16,852	0.1	7,802	0.3	3,667	0.1
– Serbia	8,915	0.1	18,423	0.1	29,082	0.2	6,189	0.2	7,089	0.2
– Other countries[(1)]	94,845	1.0	125,694	1.0	168,015	1.1	61,412	2.0	31,416	0.9
Total	**10,248,446**	**100.0**	**13,252,934**	**100.0**	**15,256,666**	**100.0**	**3,094,510**	**100.0**	**3,429,874**	**100.0**

Note (1): Others comprise countries not listed above, mainly from Europe, Americas and Asia (excluding the PRC).

We recorded revenue from the PRC and overseas. Throughout the Track Record Period, our revenue from both the PRC and overseas has consistently increased, primarily due to our continuous penetration in the market in the PRC and ongoing international expansion.

The following tables set forth the sales volume and average selling price in the PRC and overseas countries:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Sales Volume[(1)] (units (in thousands))	*Average selling price[(2)] (RMB/unit)*	*Sales Volume[(1)] (units (in thousands))*	*Average selling price[(2)] (RMB/unit)*	*Sales Volume[(1)] (units (in thousands))*	*Average selling price[(2)] (RMB/unit)*	*Sales Volume[(1)] (units (in thousands))*	*Average selling price[(2)] (RMB/unit)*	*Sales Volume[(1)] (units (in thousands))*	*Average selling price[(2)] (RMB/unit)*
PRC	65,001	142.2	61,061	194.8	53,501	255.0	13,890	196.7	10,604	287.2
Overseas countries	4,938	68.3	6,763	78.3	6,029	95.3	1,627	101.8	1,925	97.7
Total	**69,939**		**67,824**		**59,530**		**15,517**		**12,529**	

Notes:

(1) Because no controllers are sold overseas, the sales volumes and average selling prices listed hereunder cover the front lights, rear lights and other lights only.

(2) Average selling price is stated net of taxes

We only sell intelligent automotive lighting products in the PRC and around 95% of our revenue was generated from the sales in Chinese Mainland. The ASP for our products in the PRC showed an annual increase trend during the Track Record Period, which is consistent with the overall sales performance of our major automotive lighting products, mainly attributable to our product mix adjustment, increase of high-value intelligent lighting products and steady increase of conventional lighting products. See our analysis on annual changes regarding sales volume and ASP above.

The ASP for overseas sales was much lower than that in the PRC; this is because our overseas sales focused on conventional lower-value rear lights and other lights during the Track Record Period, without sales of high-value intelligent automotive lighting products. The ASP for overseas sales still presented a slight increasing trend from 2023 to 2025, mainly resulting from the year-to-year increasing demand for complex conventional rear lights and other lighting products.

Cost of Sales

Our cost of sales mainly consists of (i) raw materials and consumables used, (ii) employee benefit expenses, and (iii) depreciation and amortization. During the Track Record Period, our cost of sales grew in line with our revenue. The following table sets forth 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'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Cost of Sales										
Raw materials and consumables used	6,626,752	81.3	8,901,778	83.0	10,347,207	84.3	2,103,867	83.8	2,309,537	83.5
Employee benefit expenses	636,431	7.8	671,308	6.3	704,223	5.7	152,290	6.1	165,278	6.0
Depreciation and amortization	361,233	4.4	435,007	4.1	494,274	4.0	115,235	4.6	134,762	4.9
Others [(1)]	527,696	6.5	715,508	6.6	723,742	6.0	139,925	5.5	156,794	5.6
Total	**8,152,112**	**100.0**	**10,723,601**	**100.0**	**12,269,446**	**100.0**	**2,511,317**	**100.0**	**2,766,371**	**100.0**

Note (1): Others primarily consist of utility fees, storage and shipping fees and service fees.

Our cost of sales amounted to RMB8,152.1 million, RMB10,723.6 million, RMB12,269.4 million, RMB2,511.3 million and RMB2,766.4 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, representing 79.5%, 80.9%, 80.4%, 81.2% and 80.7% of our revenue for the respective years. Our cost of sales as a percentage of revenue was maintained at a consistent and steady level during the Track Record Period.

Gross Profit and Gross Profit Margin

Our gross profit was RMB2,096.3 million, RMB2,529.3 million and RMB2,987.2 million in 2023, 2024 and 2025, RMB583.2 million and RMB663.5 million for the three months period ended March 31, 2025 and 2026, respectively. Our gross profit margin was 20.5%, 19.1% and 19.6% in 2023, 2024 and 2025, 18.8% and 19.3% for the three months period ended March 31, 2025 and 2026, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by (i) each product category and (ii) intelligent and non-intelligent products 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'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Automotive Lighting Products										
Front lighting	1,111,770	21.2	1,502,923	20.8	1,734,470	21.6	334,779	21.1	388,141	20.0
Rear lighting	770,897	22.5	842,900	19.0	1,027,962	18.5	196,291	17.0	213,784	18.5
Other lighting	137,279	15.2	105,860	14.0	77,423	12.3	23,832	15.0	37,473	27.2
Controllers	8,918	25.8	28,913	37.6	60,257	28.0	7,631	26.3	15,371	26.7
Subtotal	**2,028,864**	**21.1**	**2,480,596**	**19.8**	**2,900,112**	**20.1**	**562,533**	**19.2**	**654,769**	**19.9**
Others[(1)]	67,470	10.7	48,737	6.5	87,108	10.5	20,660	12.3	8,734	6.3
Total	**2,096,334**	**20.5**	**2,529,333**	**19.1**	**2,987,220**	**19.6**	**583,193**	**18.8**	**663,503**	**19.3**

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Automotive Lighting Products										
Intelligent automotive lighting	7,296	25.1	340,680	19.5	507,008	19.7	57,902	20.7	134,148	20.0
Non-intelligent automotive lighting	2,012,650	21.1	2,111,003	19.8	2,332,847	20.0	497,000	19.0	505,250	19.7
Controller	8,918	25.8	28,913	37.6	60,257	28.0	7,631	26.3	15,371	26.7
Sub-total	**2,028,864**	**21.1**	**2,480,596**	**19.8**	**2,900,112**	**20.1**	**562,533**	**19.2**	**654,769**	**19.9**
Others[(1)]	67,470	10.7	48,737	6.5	87,108	10.5	20,660	12.3	8,734	6.3
Total	**2,096,334**	**20.5**	**2,529,333**	**19.1**	**2,987,220**	**19.6**	**583,193**	**18.8**	**663,503**	**19.3**

Note (1): Others mainly represent sales of raw materials, warning triangles and other automotive components.

The changes in gross profit margin during the Track Record Period were subject to a variety of factors, including but not limited to industry competition, revenue contribution of intelligence automotive lighting products, cost controls measures and others.

(1) Analysis on annual changes of gross profit margin by major products

(a) Front lighting products: The gross margin of the front lighting products remained relatively stable during the Track Record Period, also showing a slight increase from 20.8% in 2024 to 21.6% in 2025. The gross margin of the front lighting products decreased from 21.1% for the three months ended March 31, 2025 to 20.0% for the same period in 2026, because in the first three months of 2026, the intelligent front lights accounted for a higher proportion of the revenue and gross profit generated from front lighting products, while the cost of sales for intelligent front lights was higher, leading to a slightly decreasing overall gross margin for the front lighting products.

(b) Rear lighting products: The gross margin of the rear lighting products showed decrease during the Track Record Period, from 22.5% in 2023 to 19.0% in 2024, further slightly decreased to 18.5% in 2025, and remained stable at 18.5% for the three months ended March 31, 2026. In 2023, we have limited intelligent rear lighting products, mostly samples and testing products at R&D stage, carrying higher price and gross profit margin. Along with the adjustment of products structure and volume production of intelligent lighting products in 2024, both the price and the gross profit margin of intelligent rear lighting products reduced. Further, increasing customer requests on more diversified and complex functions and structure resulted in higher production cost, narrowing down the gross profit margin generated from conventional rear lighting products. Accordingly, the gross profit margin of rear lights reduced in 2024. In 2025, the gross profit margin for conventional rear lights remained stable, while more diversified intelligent rear lighting products were developed and produced, including new rear lighting products with comparatively lower gross profit margin under market competition pressure. The 2025 gross profit margin of rear lighting products showed a slight reduction compared to the 2024 ratio.

(c) Controllers: The gross profit margin for our controller products increased from 25.8% in 2023 to 37.6% in 2024, primarily contributed to our increasingly effective cost control through qualification yield improvement and manufacturing process optimization. In 2025, along with the adjusted products structure, we needed more diversified controller products pursuant to various customers' demands. The cost and gross profit margin varied significantly among different types of controllers, leading to comparatively higher cost of sales and the decrease of the gross profit margin for controllers to 28.0% in 2025, although the revenue and sales volume increased. The gross margin for controllers remained at stable level of 26.3% and 26.7% for the three months periods ended March 31, 2025 and 2026, respectively.

(d) Other lighting products: Other lighting products presented a reducing trend on gross profit margin during the Track Record Period, showing 15.2%, 14.0% and 12.3% in 2023, 2024 and 2025 respectively. The decrease in 2024 was mainly attributable to the lower price of small lights in the year. The further decrease in 2025 mainly related to changes in customer demands and small light products adjustments, more small lights carrying lower gross profit margin sold in the year. The gross profit margin of other lighting products increased to 27.2% for the three months ended March 31, 2026, much higher than the 2025 gross profit margin and the gross margin for the first three months in 2025. In the first three months of 2026, our products under the category of other lighting products experienced a structure optimization, adding several high-margin other lighting products. Although the overall sales of other lighting products reduced, but the gross profit margin was driven higher by such high-margin other lighting products in 2026.

(2) Analysis on annual changes of gross profit margin by intelligent and non-intelligent automotive lighting products

(a) Intelligent automotive lighting products: The gross profit margin for intelligent automotive lighting products reduced from 25.1% in 2023 to 19.5% in 2024. Given year 2023 being the early R&D stage for our intelligent automotive lighting products, the price of our intelligent lighting products in 2023 included early-stage development cost, relevant sample and testing price, represented by the high unit price of intelligent lighting products for the year and accordingly yield a higher 2023 gross profit margin. The intelligent automotive lighting products realized volume production in 2024, leading to a lower but ordinary gross profit margin of 19.5%. The gross profit margin of intelligent automotive lighting products remained at 19.7% in 2025 and 20.0% for the three months ended March 31, 2026.

(b) Non-intelligent automotive lighting products: The gross profit margin of non-intelligent automotive lighting products slightly reduced from 21.1% in 2023 to 19.8% in 2024, and then remained relatively stable at 20.0% in 2025 and 19.7% for the three months ended March 31, 2026. The reduction in 2024 was mainly attributable to the lower gross profit margin of conventional rear lights and other lighting products.

Administrative Expenses

Our administrative expenses primarily include (i) employee benefit expenses for our administrative staff, (ii) taxes and surcharges, (iii) depreciation and amortization, (iv) service fee, repair fee and consultancy fee, and (v) office, business development and traveling expenses. In 2023, 2024, 2025, the three months period ended March 31, 2025 and 2026, our administrative expenses amounted to RMB332.8 million, RMB378.0 million, RMB440.2 million, RMB86.9 million and RMB103.8 million, respectively, accounting for 3.2%, 2.9%, 2.9%, 2.8% and 3.0%, of our revenue for the relevant years/periods. The following table sets forth a breakdown of our administrative expenses by nature for the years/periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Administrative Expenses										
Employee benefit expenses	161,440	48.6	171,257	45.4	184,420	41.9	42,964	49.4	49,176	47.4
Taxes and surcharges	55,967	16.8	63,289	16.7	77,606	17.6	16,323	18.8	22,327	21.5
Depreciation and amortization	46,589	14.0	54,926	14.5	67,650	15.4	15,425	17.7	18,643	18.0
Service fees, repair fees and consultancy fees	21,322	6.4	23,768	6.3	24,716	5.6	3,751	4.3	4,513	4.3
Office, business development and traveling expenses	17,025	5.1	19,803	5.2	26,103	5.9	3,142	3.6	3,024	2.9
Utility costs	6,061	1.8	5,718	1.5	5,783	1.3	2,168	2.5	952	0.9
Material consumption	3,313	1.0	3,345	0.9	3,003	0.7	728	0.9	286	0.3
Others[(1)]	21,043	6.3	35,874	9.5	50,897	11.6	2,432	2.8	4,896	4.7
Total	**332,760**	**100.0**	**377,980**	**100.0**	**440,178**	**100.0**	**86,933**	**100.0**	**103,817**	**100.0**

Note (1): Others mainly represent bank charges, rental expenses and property management fees, donation and security fees.

Selling Expenses

Our selling expenses primarily include (i) employee benefit expenses for our sales staff, (ii) material consumption, (iii) service expenses, and (iv) business development, marketing and traveling expenses. In 2023, 2024, 2025, the three months period ended March 31, 2025 and 2026, our selling expenses amounted to RMB46.8 million, RMB55.8 million, RMB62.5 million, RMB11.3 million and RMB10.7 million, respectively, accounting for 0.5%, 0.4%, 0.4%, 0.4% and 0.3%, of our revenue for the relevant years/periods. The following table sets forth a breakdown of our selling expenses by nature for the years/periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Selling Expenses										
Employee benefit expenses	25,954	55.4	24,596	44.1	23,627	37.8	6,679	59.1	6,131	57.1
Material consumption	8,169	17.4	11,611	20.8	18,121	29.0	155	1.4	466	4.3
Service expenses	2,809	6.0	7,399	13.3	9,284	14.9	1,255	11.1	1,876	17.5
Business development, marketing and traveling expenses	7,010	15.0	5,962	10.7	5,763	9.2	743	6.6	785	7.3
Depreciation and amortization	230	0.5	1,302	2.3	1,523	2.4	1,201	10.6	405	3.8
Rental and storage expenses	1,067	2.3	2,771	5.0	1,212	1.9	998	8.8	438	4.1
Others[(1)]	1,589	3.4	2,146	3.8	2,965	4.8	278	2.4	638	5.9
Total	**46,828**	**100.0**	**55,787**	**100.0**	**62,495**	**100.0**	**11,309**	**100.0**	**10,739**	**100.0**

Note (1): Others mainly represent office expenses, repair fees and utility costs.

We have a concentration of customers primarily include automotive manufacturers, which enabled us to precisely position and service our key target customers and kept our selling expenses as a percentage at a lower level.

Research and Development Expenses

Our research and development expenses primarily include (i) employee benefit expenses for our R&D staff, (ii) raw materials and consumables used, (iii) depreciation and amortization, and (iv) sample fees and testing fees. In 2023, 2024, 2025, the three months period ended March 31, 2025 and 2026, our research and development expenses amounted to RMB610.2 million, RMB655.5 million, RMB883.7 million, RMB186.0 million and RMB229.0 million, respectively, accounting for 6.0%, 4.9%, 5.8%, 6.0% and 6.7% of our revenue for the relevant years/periods. The following table sets forth a breakdown of our research and development expenses by nature for the years/periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Research and Development Expenses										
Employee benefit expenses	355,744	58.3	390,555	59.6	466,294	52.8	110,686	59.5	125,505	54.8
Raw materials and consumables used	108,615	17.8	89,653	13.7	176,164	19.9	35,876	19.3	51,944	22.7
Depreciation and amortization	48,490	7.9	64,479	9.8	71,198	8.1	16,829	9.1	15,981	7.0
Sample fees and testing fees	41,372	6.8	44,047	6.7	77,008	8.7	11,808	6.3	23,081	10.1
Service and consultancy fees	11,174	1.8	19,596	3.0	42,921	4.8	1,995	1.1	569	0.2
Traveling and office expenses	16,237	2.7	17,697	2.7	19,441	2.2	3,564	1.9	4,201	1.8
Others[(1)]	28,612	4.7	29,466	4.5	30,686	3.5	5,208	2.8	7,709	3.4
Total	**610,244**	**100.0**	**655,493**	**100.0**	**883,712**	**100.0**	**185,966**	**100.0**	**228,990**	**100.0**

Note (1): Others mainly represent repair fee, rental expenses and property management fees.

Allowance for/(reversal of) ECL on Financial Assets at Amortized Cost

Our allowance for ECL on financial assets at amortized cost arisen from trade and bills receivables, deposits and other receivables. In 2023, 2024 and 2025, we recognized ECL amounted to RMB98.5 million, RMB57.0 million and RMB0.3 million, respectively. For the three months periods ended March 31, 2025 and 2026, we reversed ECL amounted to RMB18.8 million and RMB23.8 million, respectively.

Other Income

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

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other Income					
Government grants	118,162	174,994	158,470	36,336	41,178
Interest income from bank deposits	17,933	14,290	9,567	2,183	1,399
Others[(1)]	9,893	7,474	4,060	1,709	1,841
Total	**145,988**	**196,758**	**172,097**	**40,228**	**44,418**

Note (1): Others mainly represent compensations received from suppliers.

Government grants mainly comprise (i) subsidies and rewards related to the construction of manufacturing facilities and R&D centers and the operation of high-technology projects, and (ii) various forms of VAT refunds. A portion of these subsidies and rewards are granted with specific conditions, primarily requiring the use of funds for designated project construction, research initiatives, or employment support initiatives. During the Track Record Period and up to the Latest Practicable Date, we have satisfied all material conditions attached to the government grants we received, and there are no outstanding compliance matters or grants received with unfulfilled conditions. Certain of these subsidies and rewards are non-recurring, but we consistently obtained government grants based on our continuous construction and/or development of intelligent projects, and such granting of subsidies and rewards by government is consistent with our persist efforts in R&D investment and upgrading of our technology and products.

Interest income from bank deposits mainly comprises interest income on our term deposits classified as financial assets at amortized cost calculated using the effective interest method.

Other Gains and Losses, Net

The following table sets forth a breakdown of our other gains and losses, net by nature for the years/periods indicated:

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other Gains and Losses, Net					
Exchange (losses)/gains, net	(2,308)	(13,958)	7,364	(271)	(11,090)
Loss on disposal of property, plant and equipment	(889)	(13,002)	(1,100)	(481)	(209)
Gain/(loss) on disposal of right-of-use assets	–	1,296	(259)	–	–
Others[(1)]	(2,736)	(2,573)	(2,611)	(586)	(375)
Total	**(5,933)**	**(28,237)**	**3,394**	**(1,338)**	**(11,674)**

Note (1): Others mainly represent non-operation expenditure.

Finance Costs

Our finance costs consist of (i) interest on discounted bills receivables, and (ii) interest on lease liabilities. We recorded finance costs of RMB1.4 million, RMB6.4 million and RMB6.9 million in 2023, 2024 and 2025, respectively; also recorded finance cost of RMB4.4 million and RMB3.5 million for the three months periods ended March 31, 2025 and 2026.

Income Tax Expenses

Our income tax expenses comprise current income tax and deferred income tax. In 2023, 2024 and 2025, our income tax expenses amounted to RMB101.0 million, RMB184.1 million and RMB189.1 million, respectively. For the three months periods ended March 31, 2025 and 2026, our income tax expenses were RMB40.1 million and RMB26.7 million respectively. We are subject to varying tax rates in different jurisdictions. See Note 12 of the Accountants' Report in Appendix I to this document.

PRC Enterprise Income Tax

Under the EIT Law and Implementation Regulation of the EIT Law, the statutory tax rate of our Group is 25% for the Track Record Period except that the Company is eligible for preferential taxation of paying a rate of 15%, and certain of our subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from enterprise income taxes during the Track Record Period. Details are as follows:

During the Track Record Period, the Company has been continuously qualified as a high-tech enterprise and enjoyed a preferential EIT rate of 15%, and our subsidiaries in the PRC are subject to the PRC corporate income tax at the rate of 25%.

According to the relevant PRC laws and regulations, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that period.

Hong Kong Profits Tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit during the Track Record Period.

Serbia Corporate Income Tax

According to Serbian Corporate Income Tax Law, foreign-invested enterprises with fixed asset investments of RSD1 billion and creating more than 100 new jobs during the investment period are exempt from the Corporate Income Tax for 10 years from its first profit-making year. Xingyu Serbia operating in the Republic of Serbia is eligible for the concession.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdictions.

RESULTS OF OPERATIONS

Comparison between three months periods ended March 31, 2025 and March 31, 2026

Revenue

Our revenue increased by 10.8% from RMB3,094.5 million in three months ended March 31, 2025 to RMB3,429.9 million in three months ended March 31, 2026, primarily attributable to the increase in revenue generated from our major products, the automotive lighting products.

Our revenue from automotive lighting products increased by 12.5% from RMB2,926.6 million to RMB3,291.3 million in the three months ended March 31, 2025 and 2026, respectively, primarily due to the increase of front lights products, especially intelligent front lighting products in 2026.

Cost of Sales

Our cost of sales increased by 10.2% from RMB2,511.3 million in three months ended March 31, 2025 to RMB2,766.4 million in three months ended March 31, 2026, which was generally in line with our growth in revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 13.8% from RMB583.2 million to RMB663.5 million for the three months periods ended March 31, 2025 and 2026, mainly attributable to the increase of intelligent lighting products. Our gross profit margin increased slightly from 18.8% in the three months ended March 31, 2025 to 19.3% in the three months ended March 31, 2026.

From the three months ended March 31, 2025 to the same period of 2026, the products structure optimization for other lighting products led to a much higher gross profit margin for other lighting products. Meanwhile, although the front lighting products showed a slightly decreasing gross margin, the rear lighting products kept a higher gross margin at the end of 2025 and early 2026 compared with the three months ended March 31, 2025. Such factors collectively led to the slight increase from 18.8% in three months ended March 31, 2025 to 19.3% in three months ended March 31, 2026.

Administrative Expenses

Our general and administrative expenses increased by 19.4% from RMB86.9 million in the three months ended March 31, 2025 to RMB103.8 million in the three months ended March 31, 2026, primarily due to (i) the increase in employee benefit expenses resulting from the increase in the number of administrative staff driven by our business expansion, (ii) the increase of taxes and surcharges reflecting the expansion of our business, and (iii) the increase in depreciation and amortization driven by increasing land amortization of our intelligent automotive electronics and vision systems industrial center project in Changzhou and our

newly purchased fixed assets and digital system. Our general and administrative expenses as a percentage of revenue for the three-months period ended March 31, 2025 and 2026 remained relatively stable at 2.8% and 3.0%, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 5.0% from RMB11.3 million in the three months ended March 31, 2025 to RMB10.7 million in the three months ended March 31,2026, primarily due to (i) the decreasing rental and storage expenses and depreciation as a result of ending of certain storage leases and rental free-period of certain warehouse, and (ii) the decreasing employee benefit expenses as the number of sales staff slightly reduced upon internal organization structure adjustment at the beginning of 2026, which were partially offset by (i) the increase in service expenses to facilitate the sales resulting from to a larger customer base, and (ii) the increase in material consumption, service fees and other consulting fees, as a result of business expansion.

R&D Expenses

Our R&D expenses increased by 23.1% from RMB186.0 million in the three months ended March 31, 2025 to RMB229.0 million in the three months ended March 31, 2026, primarily attributable to the increase in (i) raw materials and consumables used in R&D activities, (ii) the number of our R&D staff to support our R&D activities and their salary and remunerations, and (iii) sample fees and testing fees related to R&D activities, all resulting from the increasing number of our products under R&D process and demonstrating our continuous efforts in developing new products, upgrading product performance and our dedication in technology innovation.

Other Income

Our other income increased slightly by 10.4% from RMB40.2 million in the three months ended March 31, 2025 to RMB44.4 million in the three months ended March 31, 2026, changes mainly due to the increase of governmental grants income recognized by us as the result of tax.

Other Losses, Net

We recorded other losses, net of RMB1.3 million in the three months ended March 31, 2025 and other losses, net of RMB11.7 million in the three months ended March 31, 2026, mainly due to the exchange rate fluctuations between foreign exchange project settlement rate and the reporting rate at the end of the financial period.

Exchange differences arising on the settlement of monetary items and the retranslation of monetary items are recognized in profit or loss in the relevant period. EUR and RSD are the major foreign currencies related to our operations. EUR to RMB exchange rate went upward in the first three months in 2025 and fell sharply in the first three months in 2026, causing the increase of our exchange losses in the three months of 2026.

Finance Costs

Our finance costs decreased by 18.9% from RMB4.4 million in the three months ended March 31, 2025 to RMB3.5 million in the three months ended March 31, 2026, mainly due to we did not discount our bill receivables as much as previous period as no cash flow demand.

Income Tax Expense

Our income tax expense decreased by 33.6% from RMB40.1 million in the three months ended March 31, 2025 to RMB26.7 million in the three months ended March 31, 2026, primarily benefiting from our increasing deductible R&D expenses. Our income tax expense as a percentage of our profit before income tax decreased from 11.1% in the three months ended March 31, 2025 to 7.0% in the three months ended March 31, 2026.

Profit and Total comprehensive income for the period

As a result of the foregoing, our net profit increased by 10.3% from RMB322.1 million in the three months ended March 31, 2025 to RMB355.2 million in the three months ended March 31, 2026.

Comparison between December 31, 2024 and December 31, 2025

Revenue

Our revenue increased by 15.1% from RMB13,252.9 million in 2024 to RMB15,256.7 million in 2025, primarily driven by the growth of our automotive lighting business.

Revenue generated from the automotive lighting products increased by 15.4% from RMB12,500.7 million in 2024 to RMB14,430.9 million in 2025, mainly attributable to (i) the increase in sales volume and (ii) a shift in product mix towards intelligent automotive lighting products with higher average selling prices. The revenue contribution of intelligent automotive lighting products increased from 13.1% in 2024 to 16.9% in 2025, reflecting the increasing adoption of higher-specification lighting systems.

Sales volume of intelligent automotive lighting products increased from 0.48 million units in 2024 to 1.58 million units in 2025, representing a growth of 230.5%, primarily due to the commencement of mass production of intelligent rear lighting products such as ISD and OLED solutions. Although intelligent rear lighting products generally carry lower average selling prices than intelligent front lighting products, the significant increase in its sales volume, together with the overall higher value of intelligent lighting systems compared with conventional products, contributed to revenue growth. The revenue generated by non-intelligent automotive lighting products continuously realized an increase of 9.0% from 2024 to 2025, driven by the slight increase of price and the demand in traditional automotive lighting market.

Cost of Sales

Our cost of sales increased by 14.4% from RMB10,723.6 million in 2024 to RMB12,269.4 million in 2025, which was generally in line with our growth in revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 18.1% from RMB2,529.3 million in 2024 to RMB2,987.2 million in 2025. The overall gross profit margin slightly increased from 19.1% in 2024 to 19.6% in 2025, mainly attributable to the increase in front lighting products.

During the Track Record Period, the increasingly complex functions and structures of automotive lighting products resulted in higher ASP for overall products. Meanwhile, such function and structure complexity also led to increase in production cost, e.g. materials and process cost, leading to the reduction of gross profit margin. Consequently, although the overall ASP of our major products increased in 2025, the gross profit margin for other lights and controllers still dropped. Please see Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin — Analysis on annual changes of gross profit margin by major products, and by intelligent and non-intelligent automotive lighting products. The increase of gross profit margin of front lighting products, especially intelligent lighting products, in 2025, led to the slight increase of gross profit margin in 2025.

Administrative Expenses

Our administrative expenses increased by 16.5% from RMB378.0 million in 2024 to RMB440.2 million in 2025, primarily due to (i) the increase in employee benefit expenses resulting from the increase in the number of administrative staff driven by our business expansion, (ii) the increase of taxes and surcharges reflecting the expansion of our business, and (iii) the increase in depreciation and amortization driven by our newly purchased fixed assets and digital system.

Selling Expenses

Our selling expenses increased by 12.0% from RMB55.8 million in 2024 to RMB62.5 million in 2025, primarily due to the increase in material consumptions as a result of business expansion.

Research and Development Expenses

Our research and development expenses increased by 34.8% from RMB655.5 million in 2024 to RMB883.7 million in 2025, primarily attributable to the increases in (i) raw materials and consumables used in R&D activities, (ii) the number of our R&D staff to support our R&D activities and their salary and remunerations, which was mainly due to the establishment of two new R&D sub-centers and an increase in ongoing R&D projects during 2025, and (iii) sample fees and testing fees related to R&D activities, all demonstrating our consistent focus and dedication on R&D efforts that support the expansion and innovation of technology upgrading and enhancement of intelligent product performance, as well as our ongoing efforts to strengthen our competitive advantage in technology area.

Other Income

Our other income reduced slightly from RMB196.8 million in 2024 to RMB172.1 million in 2025.

Other Gains and Losses, Net

We recorded other losses, net of RMB28.2 million in 2024 and other gains, net of RMB3.4 million in 2025. We recorded other gains in 2025 mainly caused by the foreign exchange rate fluctuations between foreign exchange project settlement rate and the reporting rate at the end of financial period. In 2024, we recorded losses primarily (i) due to exchange rate fluctuations and (ii) from the disposal of certain idle assets.

Exchange differences arising on the settlement of monetary items and the retranslation of monetary items are recognized in profit or loss in the relevant period. EUR and RSD are the major foreign currencies related to our operations. Both EUR and RSD depreciated from 2023 to 2024 and appreciated in 2025, showing consistent fluctuation curve of our exchange gains and losses during the Track Record Period.

Finance Costs

Our finance costs increased by 7.7% from RMB6.4 million in 2024 to RMB6.9 million in 2025, mainly due to increases in our discounting of bills when market interest rates were favorable.

Income Tax Expenses

Our income tax expenses increased by 2.7% from RMB184.1 million in 2024 to RMB189.1 million in 2025. Our income tax expense as a percentage of our profit before tax remained stable at 11.6% in 2024 and 10.4% in 2025.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, our net profit increased by 15.3% from RMB1,408.3 million in 2024 to RMB1,624.1 million in 2025.

Comparison between year 2024 and 2023

Revenue

Our revenue increased by 29.3% from RMB10,248.4 million in 2023 to RMB13,252.9 million in 2024, primarily due to the significant growth of our businesses.

Our revenue from automotive lighting products increased by 30.0% from RMB9,616.0 million in 2023 to RMB12,500.7 million in 2024, primarily because of growths in sales volume and average selling price in intelligent automotive lighting products, and in particular, our front lighting products, such as DLP lights, upon their mass delivery in 2024. Sales volume of intelligent automotive lighting products increased from 7 thousand units in 2023 to 0.48 million units in 2024. The aggregate contribution of intelligent automotive lighting products significantly increased from 0.3% in 2023 to 13.1% by revenue in 2024. These were driven by: (i) the sustained growth of NEV market which drove an explosive growth in demand for intelligent lighting products; (ii) our continuous efforts in technology and product innovation and upgrading, and in particular, our strengthened and in-depth cooperation with both existing and new customers in the PRC and worldwide through participation in the early R&D and design stages of the automotive lighting products for their vehicle models; and (iii) our enhanced ability to quickly integrate our production capabilities to fit in more comprehensive production demands of intelligent automotive lighting products. Our non-intelligent automotive lighting products also realized consistent increase at 11.8% from 2023 to 2024 driven by the demand in traditional automotive market demand.

Cost of Sales

Our cost of sales increased by 31.5% from RMB8,152.1 million in 2023 to RMB10,723.6 million in 2024, which was generally in line with our growth in revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 20.7% from RMB2,096.3 million in 2023 to RMB2,529.3 million in 2024. Our gross profit margin decreased from 20.5% in 2023 to 19.1% in 2024. In particular:

The gross profit increased 20.7% from 2023 to 2024, mainly due to (i) our rapid response to market demand and adjustment of our products portfolio, including the adaption and upgrading to NEV demands and introduction of more high-end products, which carried higher average price and sales volume, and (ii) our successful maintaining and attracting existing customers and NEV customers by offering intelligent automotive lighting product portfolio.

Simultaneously, our gross profit margin slightly decreased from 20.5% in 2023 to 19.1% in 2024. During the Track Record Period, the increasingly complex functions and structures of automotive lighting products resulted in higher ASP for overall products , mostly attributable to the ASP increase of the front lighting products and rear lighting products. But the ASP for intelligent lighting products (both intelligent front lights and intelligent rear lights) reduced (please see above for the analysis on ASP), and the ASP of other lighting products and controllers also reduced. Meanwhile, such function and structure complexity also led to increase in production cost, typically involving higher raw materials costs for the procurement of more structurally complex and higher-value components, more processing cost, leading to the reduction of gross profit margin. The reduction of gross profit margin in 2024 was mainly due to the drop of gross profit margin in intelligent lighting products, non-intelligent rear lights and other lighting products. Please see Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin — Analysis on annual changes of gross profit margin by major products, and by intelligent and non-intelligent automotive lighting products.

Administrative Expenses

Our administrative expenses increased by 13.6% from RMB332.8 million in 2023 to RMB378.0 million in 2024, primarily due to (i) the increase in employee benefit expenses resulting from the increase in the number of administrative staff to support our business expansion, (ii) the increase in depreciation and amortization driven by our new office and administration facilities and software, and (iii) the increase of taxes and surcharges reflecting the expansion of our business.

Selling Expenses

Our selling expenses increased by 19.1% from RMB46.8 million in 2023 to RMB55.8 million in 2024, primarily due to (i) the increase in service expenses to facilitate our sales resulting from to a larger customer base, (ii) the increase in material consumption as a result of business expansion, and (iii) the increase in rental and storage expenses.

Research and Development Expenses

Our research and development expenses increased by 7.4% from RMB610.2 million in 2023 to RMB655.5 million in 2024, primarily attributable to the increases in (i) the number of our R&D staff to support our R&D activities and their salary and remunerations, and (ii) the depreciation and amortization driven by purchase of R&D equipment and software, demonstrating our consistent and dedicated R&D efforts to support the innovation of our product and to enhance the competitive advantage of our products. Our research and development expenses as a percentage of revenue decreased from 6.0% in 2023 to 4.9% in 2024, primarily because the growth in our research and development expenses was outpaced by our revenue growth from 2023 to 2024.

Other Income

Our other income increased by 34.8% from RMB146.0 million in 2023 to RMB196.8 million in 2024, primarily due to the increases in governmental subsidies and rewards granted to us in 2024 with respect to our construction of the manufacturing facilities and R&D centers.

Other Losses, Net

Our other losses, net increased from RMB5.9 million in 2023 to RMB28.2 million in 2024, mainly due to (i) the relatively high loss caused by the foreign exchange rate fluctuations between foreign exchange project settlement rate and the reporting rate at the end of financial period, and (ii) losses from the disposal of certain idle assets, in 2024.

Finance Costs

Our finance costs increased by 374.1% from RMB1.4 million in 2023 to RMB6.4 million in 2024, mainly because we discounted the bills when the market interest rates were favorable.

Income Tax Expenses

Our income tax expenses amounted to RMB101.0 million in 2023 and increased to RMB184.1 million in 2024. Our income tax expenses as a percentage of our profit before income tax increased from 8.4% in 2023 to 11.6% in 2024 mainly because R&D-related tax benefits accounted for a lower portion of profit before income tax in 2024.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, our net profit increased by 27.8% from RMB1,102.1 million in 2023 to RMB1,408.3 million in 2024.

DISCUSSION OF CERTAIN COMPONENTS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Non-current Liabilities

The following table sets forth the components of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	3,879,971	4,033,788	4,117,356	4,278,679
Right-of-use assets	425,408	377,846	479,280	471,629
Intangible assets	70,097	84,961	81,099	71,307
Financial assets at FVTOCI	335,844	353,556	656,374	621,058
Financial assets at fair value through profit or loss ("**FVTPL**")	–	–	70,000	70,000
Prepayments	76,606	109,267	326,320	341,308
Deferred tax assets	21,433	27,668	17,014	24,329
Total non-current assets	**4,809,359**	**4,987,086**	**5,747,443**	**5,878,310**
NON-CURRENT LIABILITIES				
Lease liabilities	24,350	10,850	14,304	11,283
Deferred income	634,820	559,682	522,033	501,683
Deferred tax liabilities	24,014	42,945	56,394	75,023
Total non-current liabilities	**683,184**	**613,477**	**592,731**	**587,989**

Property, Plant and Equipment

Our property, plant and equipment consist of (i) plant and machinery, (ii) buildings, (iii) office equipment, (iv) motor vehicles, (v) construction in progress, and (vi) others. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Building	1,265,401	1,483,615	1,580,580	1,618,697
Plant and machinery	1,665,210	1,913,615	1,866,125	1,952,874
Office equipment	164,131	190,859	331,847	330,976
Motor vehicle	4,753	5,070	6,306	6,644
Construction in progress	732,413	375,155	255,291	284,188
Others	48,063	65,474	77,207	85,300
Total	**3,879,971**	**4,033,788**	**4,117,356**	**4,278,679**

Our property, plant and equipment increased from RMB3,880.0 million in 2023 to RMB4,033.8 million in 2024, primarily due to the establishment of new components and electronics facilities at the Intelligent Manufacturing Industrial Park to enhance our in-house production of automotive lighting components, as well as the purchase of additional production equipment, including injection molding machines and SMT machines, for new projects. A further slight increase to RMB4,117.4 million in 2025 resulted from continuous investment in the existing construction and R&D projects. As of March 31, 2026, our property, plant and equipment increased to RMB4,278.7 million, primarily attributable to the increasing investment in the construction of the Intelligent Manufacturing Industrial Park and purchase of more machinery and equipment along with our business expansion.

Right-of-use assets

Our right-of-use assets included the lease contracts for (i) leasehold lands, and (ii) leased properties. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leasehold lands	386,298	350,871	452,632	448,496
Leased properties	39,110	26,975	26,648	23,133
Total	**425,408**	**377,846**	**479,280**	**471,629**

Our right-of-use assets primarily consist of land use right and long-term leases. Our right-of-use assets decreased from RMB425.4 million as of December 31, 2023 to RMB377.8 million as of December 31, 2024 primarily due to depreciation of right-of-use assets, followed by an increase to RMB479.3 million as of December 31, 2025, primarily due to a new lease of land for our intelligent automotive electronics and vision systems industrial center project in Xinbei District of Changzhou. As of March 31, 2026, our right-of-use assets remained stable at RMB471.6 million.

Deferred Income

The deferred income represents the government grants we received related to assets, which will be recognized in profit or loss over the expected useful life of the relevant asset by equal annual instalments subject to the conditions and terms of such government grants. Our deferred income was RMB634.8 million as of December 31, 2023, RMB559.7 million as of December 31, 2024, RMB552.0 million as of December 31, 2025, and RMB501.7 million as of March 31, 2026. We recorded a higher amount in deferred income for 2023, primarily due to certain large amount government grants received in 2023.

Net Current Assets

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
CURRENT ASSETS					
Inventories	2,245,407	2,629,252	2,575,032	2,317,970	2,364,490
Trade and bills receivables	4,398,136	6,108,933	7,149,614	7,000,450	6,610,401
Prepayments, deposits and other receivables	59,898	72,818	55,162	80,848	107,390
Financial assets at FVTPL	1,156,956	1,122,399	1,444,626	1,726,947	1,093,351
Cash and cash equivalents and restricted bank deposits	2,104,662	2,023,579	2,373,349	2,109,384	2,280,047
Total current assets	**9,965,059**	**11,956,981**	**13,597,783**	**13,235,599**	**12,455,679**
CURRENT LIABILITIES					
Trade and bills payables	3,939,537	5,139,349	6,258,045	5,960,705	5,899,862
Accruals and other payables	862,938	854,548	858,153	805,709	723,395
Contract liabilities	7,465	3,381	36,580	4,028	6,709
Lease liabilities	12,972	16,789	13,083	12,106	16,487
Provisions	59,249	72,495	101,739	127,886	120,293
Tax payables	72,869	66,763	86,646	42,465	4,920
Total current liabilities	**4,955,030**	**6,153,325**	**7,354,246**	**6,952,899**	**6,771,666**
NET CURRENT ASSETS	**5,010,029**	**5,803,656**	**6,243,537**	**6,282,700**	**5,684,013**

Our net current assets decreased by 9.5% from RMB6,282.7 million as of March 31, 2026 to RMB5,684.0 million as of May 31, 2026, primarily due to (i) a decrease of RMB390.1 million in trade and bills receivables reflecting enhancement of receivables collections, (ii) a decrease of RMB633.6 million in financial assets at FVTPL upon maturity of certain structured deposits and wealth management products; partially offset by (i) an increase of RMB170.7 million in cash and cash equivalents and restricted bank deposits, (ii) a decrease of RMB60.8 million in trade and bills payables resulting from shorter payment terms upon our procurement of more electronic components carrying shorter credit terms and more cash settlement rather than bills by some suppliers, and (iii) a decrease of accruals and other payables of RMB82.3 million due to less tax payables as of May 31, 2026.

Our net current assets remained almost at the same level as of March 31, 2026 at RMB6,282.7 million, comparing to RMB6,243.5 million as of December 31, 2025.

Our net current assets increased from RMB5,803.7 million as of December 31, 2024 to RMB6,243.5 million as of December 31, 2025, primarily due to: (i) an increase of RMB1,040.7 million in trade and bills receivables reflecting our business growth, (ii) an increase of RMB322.2 million in financial assets at FVTPL mainly resulting from short-term wealth management products for idle funds, (iii) an increase of RMB349.8 million in cash and cash equivalents and restricted bank deposits; partially offset by (i) an increase of RMB1,118.7 million in trade and bills payables, and (ii) a decrease of inventories of RMB54.2 million.

Our net current assets increased from RMB5,010.0 million as of December 31, 2023 to RMB5,803.7 million as of December 31, 2024, primarily due to: (i) an increase of RMB1,710.8 million in trade and bills receivables reflecting our business expansion, (ii) an increase of RMB383.8 million in inventories, mainly finished products as a result of production volume increase and related to new projects, partially offset by (i) an increase of RMB1,199.8 million in trade and bills payables reflecting our business expansion, and (ii) a decrease of RMB81.1 million in cash and cash equivalents and restricted bank deposits.

Inventories

Our inventories consist of (i) raw materials, (ii) work in progress and (iii) finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Inventories				
Raw materials	542,600	470,115	493,722	529,058
Work in progress	244,769	176,164	144,804	184,329
Finished goods	1,458,038	1,982,973	1,936,506	1,604,583
Total	**2,245,407**	**2,629,252**	**2,575,032**	**2,317,970**

Our inventories increased by 17.1% from RMB2,245.4 million as of December 31, 2023, to RMB2,629.3 million as of December 31, 2024, primarily due to an inventory increase in finished goods resulting from our production volume increase during the business growth in 2024. The inventory level slightly decreased to RMB2,575.0 million by December 31, 2025, and further decreased to RMB2,318.0 million as of March 31, 2026, primarily due to the sales and delivery of finished goods. Our consistent efforts to implement the inventory optimization management policy enabled us to realize the inventory dynamic target and actual monitoring control, which further enhanced our inventory management efficiency.

During the Track Record Period, a majority of our inventories were less than one year. Our inventories with a holding period above one year consisted primarily of tooling. The following is an aging analysis of our inventories:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	1,925,031	2,276,190	2,035,957	1,419,071
Between 6 months and 1 year	123,553	124,222	145,409	516,269
Between 1 year and 3 years	88,799	133,846	285,084	318,346
Over 3 years	108,024	94,994	108,582	64,284
	2,245,407	**2,629,252**	**2,575,032**	**2,317,970**

The following table sets forth our inventory turnover days for the years/period indicated:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Inventory turnover days*(Note)*	101	82	76	80

Note: We calculate inventory turnover days using the average of the beginning and ending balances of inventories for the relevant year/period, divided by cost of sales for that year and multiplied by 360/90 days for a fiscal year/quarter .

Our inventory turnover days decreased from 101 days in 2023 to 82 days in 2024 and to 76 days in 2025, and slightly increased to 80 days as of March 31, 2026, primarily because we have implemented and carried out inventory optimization management measures through the digitalization and standardization of our management processes, achieved by integrating ERP, MES and WMS systems. For inventories aging more than 1 year, approximately 73% are toolings, which are designed for customers' products purpose and covered under sales contracts. The toolings will be delivered to customers in different phases based on the sales contract arrangement on relevant types of products. Based on our regular impairment test, the cost of such toolings were sufficiently covered under the sales price. Accordingly, such toolings are not subject to impairment provisions.

As of May 31, 2026, RMB1,154.4 million, or 49.8% of inventories as of March 31, 2026, had been used, consumed or sold.

Trade and Bills Receivables

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

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, gross	3,227,344	4,754,372	4,747,500	4,266,831
Less: allowance for credit losses	(161,402)	(237,726)	(237,564)	(213,342)
Trade receivables, net	**3,065,942**	**4,516,646**	**4,509,936**	**4,053,489**
Bill receivables, gross	1,353,040	1,592,683	2,640,119	2,947,394
Less: allowance for credit losses	(20,846)	(396)	(441)	(433)
Bill receivables, net	**1,332,194**	**1,592,287**	**2,639,678**	**2,946,961**
Trade and bills receivables	**4,398,136**	**6,108,933**	**7,149,614**	**7,000,450**

Our trade and bills receivables mainly refer to outstanding amounts due from our customers for the purchase of goods we sold in the ordinary course of business, less allowance of credit losses. Our trade and bills receivables increased by 38.9% from RMB4,398.1 million as of December 31, 2023 to RMB6,108.9 million as of December 31, 2024, and further by 17.0% to RMB7,149.6 million as of December 31, 2025. The increase in the amount of trade and bills receivables over time was primarily due to the expansion of our business scale and growth in sales to an enlarged customer base. Our trade and bills receivables slightly decreased after the end of 2025 to RMB7,000.5 million as of March, 31, 2026, primarily because we enhanced our collection of receivables and some automotive companies have also shortened their payment cycles in response to national policy directives by the end of 2025.

We generally grant credit terms ranging from 30 to 90 days for trade receivables after issuance of invoices to our customers and no more than 6 months for bills receivables. The following table sets forth an aging analysis of our trade receivables and bills receivables, based on revenue recognition date and net of allowance for credit losses, as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade Receivables				
Within 30 days	1,018,348	1,493,058	1,772,731	2,042,124
31-60 days	1,056,592	1,676,273	1,662,542	830,831
61-90 days	802,347	1,001,865	822,856	627,441
91-365 days	188,027	345,425	248,496	530,024
Over 365 days	628	25	3,311	23,069
Total	**3,065,942**	**4,516,646**	**4,509,936**	**4,053,489**

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills Receivables				
Within 3 months	780,806	1,501,601	1,758,878	1,658,449
3 to 6 months	551,388	90,686	880,800	1,288,512
	1,332,194	**1,592,287**	**2,639,678**	**2,946,961**

We seek to maintain strict control over our outstanding receivables. Our senior management regularly reviews the recoverability of our outstanding balances and, when appropriate, provides for impairment of these trade and bills receivables. We have refined customer credit management and implemented detailed receivable control measures to strengthen the collection and management of trade and bills receivables. During the Track Record Period, we did not experience any significant losses associated with our trade and bills receivables and the increase in our trade and bills receivables did not have any material adverse impact on our liquidity or cash flows.

The following table sets forth the turnover days of our trade receivables and bills receivables for the years/period indicated:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Trade receivables turnover days(Note)	77	103	106	112
Bill receivables turnover days(Note)	44	40	50	73
Trade receivable and bill receivable turnover days(Note)	121	143	156	185

Note: We calculate the turnover days of the trade receivables and bills receivables by using the average of the beginning and ending balances of the trade receivables and the bills receivables for that year/period respectively divided by the corresponding revenue for the year and multiplied by 360/90 days for a fiscal year/quarter.

Our trade receivables turnover days increased from 77 days in 2023 to 103 days in 2024 and to 106 days in 2025, primarily due to the general extension of payment cycle caused by intensified competition among downstream automotive manufacturer customers. The trade receivable turnover days further increased to 112 days, because the sales in first quarter of a year is normally lower, together with the long holidays in the first quarter, leading to longer turnover days of the trade receivables for the period. According to Frost & Sullivan, the relatively longer trade receivables turnover days recorded in 2024 and 2025 are generally consistent with the market practices in automotive lighting industry, taking into account the typical credit terms granted to customers.

As of May 31, 2026, RMB3,390.2 million, or 47.0% of our trade and bills receivables as of March 31, 2026, had been settled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material recoverability issue for our trade and bills receivables.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables consist of (i) the non-current portion of prepayments for property, plant and equipment and right-of-use assets; and the current portion including (ii) prepayments; (iii) other assets; (iv) deposits paid and right-of-use assets; (v) other receivables; and (vi) other tax recoverable. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion:				
Prepayments for property, plant and equipment and right-of-use assets	76,606	109,267	326,320	341,308
Current portion:				
Prepayments	43,330	48,865	43,307	65,526
Other assets	9,114	12,482	2,331	1,904
Other tax recoverable	3,890	9,295	4,765	7,078
Deposits paid	4,791	1,983	7,925	7,818
Other receivables	653	2,707	118	2,046
	61,778	75,332	58,446	84,372
Less: allowance for credit losses	(1,880)	(2,514)	(3,284)	(3,524)
	59,898	72,818	55,162	80,848
Total	**136,504**	**182,085**	**381,482**	**422,156**

Current portion of our prepayments, deposits and other receivables increased by 21.6% from RMB59.9 million as of December 31, 2023, to RMB72.8 million as of December 31, 2024, and decreased by 24.2% to RMB55.2 million as of December 31, 2025. It increased to RMB80.8 million as of March 31, 2026.

The non-current portion of our prepayments, deposits and other receivables increased by 42.6% from RMB76.6 million as of December 31, 2023, to RMB109.3 million as of December 31, 2024, and further increased by 198.6% to RMB326.3 million as of December 31, 2025, primarily due to the increase in prepayments for purchase of new land and large equipment resulting from our business expansion in the last quarter of 2025. As of March 31, 2026, the non-current portion of prepayments, deposits and other receivables slightly increased 4.6% to RMB341.3 million.

As of May 31, 2026, RMB236.1 million, or 55.5% of our prepayments, deposits and other receivables as of March 31, 2026, had been settled.

Financial assets at FVTOCI

Our financial assets at FVTOCI comprise listed and unlisted equity securities which are not held for trading. These relate to strategic investments in equity securities measured at FVTOCI quoted in the Stock Exchange, as well as unquoted equity securities of companies operating in relevant industry sectors for long term strategic purposes. We recorded RMB335.8 million, RMB353.6 million, RMB656.4 million and RMB621.1 million of financial assets at FVTOCI as of December 31, 2023, 2024 and 2025, and March 31, 2026, respectively. The increase from 2024 to 2025, was primarily due to increases in investment in listed equity securities in 2025.

We have appointed a special team to monitor the price risk in connection with our strategic investments and will consider hedging such risk exposure if necessary. Our Directors manage this risk exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the price risk if necessary. Upon [**REDACTED**], we intend to continue our investments strictly in accordance with our internal policies and procedures, Articles of Association and compliance requirements under Chapter 14 of the Listing Rules.

Financial Assets at FVTPL

Our financial assets at FVTPL consist of structured deposits and wealth management products issued by the banks and interests in a debt investment during the Track Record Period. We recorded RMB1,157.0 million, RMB1,122.4 million, RMB1,514.6 million and RMB1,796.9 million of financial assets at FVTPL as of December 31, 2023, 2024 and 2025, and March 31, 2026, respectively.

The decrease from 2023 to 2024, was primarily due to the maturity of certain structured deposits and wealth management products, and the increase from 2024 to 2025 and from the end of 2025 to March 31, 2026 was primarily due to our entry into several new contracts of structured deposits and wealth management products with commercial banks in 2025 and first three months of 2026.

Our cash management strategy aims to optimize the efficiency of idle funds, generate investment returns and manage investment and financial risks. Guided by this strategy, we invest in low-risk structured deposits and wealth management products with high liquidity (with terms no more than 12 months) and security, offered by reputable commercial banks in China, when there are sufficient cash flow. We have established a comprehensive set of internal policies and guidelines, pursuant to which our finance department is responsible for analyzing and evaluating potential investment in financial assets. Our management have extensive experience in managing financial investments. Prior to making any material investments, the proposal shall be reviewed and approved by our chief financial officer. Significant investment decisions will be made and may be subject to the approvals of our board of directors and/or shareholders' meeting in accordance with our internal policy and procedures, provisions of the articles of associations.

Upon [**REDACTED**], we intend to continue our investments strictly in accordance with our internal policies and procedures, Articles of Association and compliance requirements under Chapter 14 of the Listing Rules.

Trade and Bills Payables

Our trade and bills payables consist of trade payables and bills payables, primarily representing payables to our suppliers for raw materials. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and Bills Payables				
Trade payables	1,954,545	2,691,143	3,095,133	2,506,487
Bills payables	1,984,992	2,448,206	3,162,912	3,454,218
Total	**3,939,537**	**5,139,349**	**6,258,045**	**5,960,705**

Our trade and bills payables increased by 30.5% from RMB3,939.5 million as of December 31, 2023 to RMB5,139.3 million as of December 31, 2024, and further increased by 21.8% to RMB6,258.0 million as of December 31, 2025, primarily reflecting an increase in our payables for raw materials which was in line with our business expansion. The trade and bill payables decreased to RMB5,960.7 million as of March 31, 2026, primarily due to the shorter payment terms for account payables upon our procurement of more electronic components for intelligent lighting products carrying shorter credit terms for payment, and some suppliers chose cash settlement rather than bills.

The trade payables are normally settled within 30 to 90 days after invoicing. The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	1,789,936	1,189,508	1,613,912	2,361,923
31-60 days	641,596	1,596,660	1,807,925	910,318
61-90 days	412,888	796,286	981,275	891,660
91-365 days	1,075,071	1,554,575	1,842,853	1,796,142
Over 365 days	20,046	2,320	12,080	662
Total	**3,939,537**	**5,139,349**	**6,258,045**	**5,960,705**

The following table sets forth the turnover days of the trade payables and the bills payables for the years/period indicated:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Trade payables turnover days(Note)	76	78	85	91
Bills payables turnover days(Note)	80	74	82	108
Trade payable and bill payable turnover days(Note)	156	152	167	199

Note: We calculate the turnover days of the trade payables and the bills payables using the average of the beginning and ending balances of the trade payables and the bills payables for the relevant year/period, divided by the corresponding cost of sales for that year and multiplied by 360/90 days for a fiscal year/quarter.

Our trade payables turnover days remained relatively stable at 76 days in 2023 and 78 days in 2024. Our trade payables turnover days increased to 85 days for 2025, primarily because we adjusted our payment methods and the suppliers adjusted the credit terms accordingly based on procurement volumes in 2025. It further increased to 91 days as of March 31, 2026, because the cost of sales in first quarter of a year is normally lower, together with the long holidays in the first quarter, leading to longer turnover days of the trade payables for the period. The turnover days for bill payables also increased in the first quarter of 2026, mainly due to our increased acceptance ratio of bills for some suppliers.

As of May 31, 2026, RMB2,713.2 million, or 45.5% of our trade and bills payables as of March 31, 2026, had been settled.

Accruals and Other Payables

Our accruals and other payables primarily consist of (i) accrued expenses, (ii) accrued salaries, (iii) other payables related to the acquisition of property, plant and equipment, (iv) dividend payables, (v) other tax payables, and (vi) other payables. The following table sets forth a breakdown of our accruals and other payables as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and Other Payables				
Accrued expenses	502,601	511,889	455,388	422,746
Accrued salaries	196,783	200,126	201,345	130,656
Other payables related to the acquisition of property, plant and equipment	119,873	96,112	124,465	180,401
Other tax payables	32,557	36,400	72,173	67,493
Other payables	9,486	7,861	2,626	2,259
Deposits received	1,638	2,160	2,156	2,154
Total	**862,938**	**854,548**	**858,153**	**805,709**

Our accruals and other payables remained relatively stable at RMB862.9 million as of December 31, 2023, RMB854.5 million as of December 31, 2024, RMB858.2 million as of December 31, 2025 and RMB805.7 million as of March 31, 2026.

As of May 31, 2026, RMB394.0 million, or 48.9% of our accruals and other payables as of March 31, 2026, had been settled.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of raw materials, research and development, sales and marketing activities, and other operational working capital requirements and capital expenditures. During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from proceeds from our business operations. After the [**REDACTED**], we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and net [**REDACTED**] from the [**REDACTED**]. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets forth a summary of our cash flows for the years/periods indicated:

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash generated from operating activities	665,791	818,750	2,335,836	427,340	391,472
Net cash generated from/ (used in) investing activities	447,940	(585,255)	(1,398,055)	(244,515)	(556,276)
Net cash used in financing activities	(550,628)	(377,027)	(570,236)	(10,131)	(115,517)
Net increase/ (decrease) in cash and cash equivalents	563,103	(143,532)	367,545	172,694	(280,321)
Cash and cash equivalents at the beginning of the year/period	**1,407,872**	**2,014,837**	**1,925,079**	**1,925,079**	**2,348,069**
Effect of foreign exchange rate changes	43,862	53,774	55,445	(15,139)	12,162
Cash and cash equivalents at the end of the year/period	**2,014,837**	**1,925,079**	**2,348,069**	**2,082,634**	**2,079,910**

Net Cash Generated from Operating Activities

In the three months ended March 31, 2026, we had net cash generated from operating activities of RMB391.5 million, which mainly represents profit before tax of RMB381.8 million, as adjusted by: (i) non-cash and non-operating items, which primarily consist of depreciation and amortization of non-current assets of RMB169.8 million, and (ii) movements in working capital, mainly consisting of a decrease in trade and bills receivables of RMB145.4 million, a decrease in trade and bills payables of RMB290.9 million, a decrease in inventories of RMB253.9 million, and an increase in prepayments, deposits and other receivables of RMB115.8 million.

Net cash generated from operating activities for 2025 was RMB2,335.8 million, which mainly represents profit before tax of RMB1,813.2 million, as adjusted by: (i) non-cash and non-operating items, which primarily consist of depreciation and amortization of non-current assets of RMB634.7 million, and (ii) movements in working capital, mainly consisting of an increase in trade and bills receivables of RMB1,029.3 million, and an increase in trade and bills payables of RMB1,111.6 million and an increase in prepayments, deposits and other receivables of RMB173.1 million.

Net cash generated from operating activities in 2024 was RMB818.8 million, which mainly represents profit before tax of RMB1,592.4 million, as adjusted by: (i) non-cash and non-operating items, which primarily consist of depreciation and amortization of non-current assets of RMB560.6 million, and (ii) movements in working capital, mainly consisting of an increase in trade and bills receivables of RMB1,767.1 million, an increase in trade and bills payables of RMB1,199.8 million, an increase in inventories of RMB410.2 million, and a decrease in accruals and other payables of RMB170.2 million .

Net cash generated from operating activities in 2023 was RMB665.8 million, which mainly represents profit before tax of RMB1,203.1 million, as adjusted by: (i) non-cash and non-operating items, which primarily consist of depreciation and amortization of non-current assets of RMB459.3 million, and (ii) movements in working capital, mainly consisting of an increase in trade and bills receivables of RMB2,036.1 million, an increase in trade and bills payables of RMB822.3 million, and an increase in deferred income of RMB115.8 million.

Net Cash Generated from/(Used in) Investing Activities

In the three months ended March 31, 2026, our net cash used in investing activities was RMB556.3 million, which was primarily attributable to: (i) purchase of financial assets at FVTPL of RMB2,036.5 million; and (ii) purchase of property, plant and equipment of RMB259.2 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,760.8 million.

Our net cash used in investing activities for 2025, was RMB1,398.1 million, which was primarily attributable to: (i) purchase of financial assets at FVTPL of RMB7,211.2 million and purchases of financial assets at FVTOCI of RMB288.9 million; and (ii) purchase of property, plant and equipment of RMB619.2 million and purchase of right-of-use assets of RMB211.5 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB6,861.5 million.

In 2024, our net cash used in investing activities was RMB585.3 million, which was primarily attributable to: (i) purchase of financial assets at FVTPL of RMB5,357.3 million, and (ii) purchase of property, plant and equipment of RMB621.8 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB5,438.3 million.

In 2023, our net cash generated from investing activities was RMB447.9 million, which was primarily attributable to: proceeds from disposal of financial assets at FVTPL of RMB7,982.0 million, partially offset by (i) purchase of financial assets at FVTPL of RMB6,459.3 million, and (ii) purchase of property, plant and equipment of RMB996.2 million.

Net Cash Used in Financing Activities

In the three months ended March 31, 2026, our net cash used in financing activities was RMB115.5 million, primarily attributable to the payments on repurchase of shares of RMB111.0 million.

Our net cash used in financing activities for 2025, was RMB570.2 million, primarily attributable to: (i) dividends paid to the Company's shareholders of RMB426.5 million, and (ii) payment for repurchase of shares for employee incentive purpose of RMB161.2 million.

In 2024, our net cash used in financing activities was RMB377.0 million, primarily attributable to dividends paid to the Company's shareholders of RMB397.3 million, partially offset by the receipts from employees of RMB38.9 million for the grant of shares to them.

In 2023, our net cash used in financing activities was RMB550.6 million, primarily attributable to: (i) dividends paid to the Company's shareholders of RMB312.4 million, and (ii) payments on repurchase of shares of the Company of RMB220.0 million.

Measures to Manage Liquidity Risks

Cash Conversion Cycle and Measures to Manage Liquidity Risks

During the Track Record Period, our cash conversion cycle were 66 days, 73 days, 65 days and 66 days respectively for 2023, 2024, 2025 and the three months ended March 31, 2026 (calculated by applying the trade and bill receivables turnover days plus the inventory turnover days minus the trade and bill payable turnovers for the same year/period).

The aging analysis showed that we are able to collect majority of our trade receivables within the granted credit terms, i.e. 30 to 90 days after the issuance of invoices. There have been no material delays or defaults in payments from customers during the Track Record Period and up to the Latest Practicable Date. We have maintained sufficient cash and cash equivalents for operation funds and not borrowed any loans or used any credit facilities granted for working capital purpose during the Track Record Period.

Due to the dynamic nature of the underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet our liquidity requirements. Since our operational funds are principally generated from our operation and sales, a comprehensive and effective system has been established internally for management and tracking our trade and bills receivables, along with a corresponding customer credit management and assessment regime. The system integrates preventive controls, such as credit assessment, with active process management. We also have dedicated departments responsible for continually monitoring the credit profiles as well as operating and financial condition of our customers and suppliers, implementing rating system, differentiated payment and collection strategies. Our production is managed based on orders and we also adopted rolling stock mechanism so as to compress the raw materials and finished goods inventory days.

The Group monitors and maintains our working capital and cash at the adequate level and mitigate the effects of fluctuations in cash flows. As of the Latest Practicable Date, we had no outstanding loans and borrowings nor use of credit facilities for working capital. Meanwhile, other than our control on operational fund flow, we still maintain diversified capital sources, such as keep close relationship with financial institutions to ensure sufficient credit lines, to effectively prevent and control liquidity risks. Going forward, we intend to continue implementing measures to enhance working capital efficiency and support our operating cash flow position.

See also "Risk Factors — Risks Relating to Our Business and Industry — We are exposed to credit risks related to our trade and bills receivables, deposits and other receivables".

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025, March 31, 2026 and May 31, 2026, our indebtedness included lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current					
Lease liabilities	12,972	16,789	13,083	12,106	16,487
Non-current					
Lease liabilities	24,350	10,850	14,304	11,283	32,494
Total	**37,322**	**27,639**	**27,387**	**23,389**	**48,981**

During the Track Record Period and up to the Latest Practicable Date, we had no bank borrowings. We have credit line facilities granted by banks. As of May 31, 2026, our committed unutilized credit line bank facilities amounted to RMB14,009 million.

Our total lease liabilities (including current and non-current portions) decreased from RMB37.3 million as of December 31, 2023 to RMB27.6 million as of December 31, 2024, remained stable at RMB27.4 million as of December 31, 2025, primarily due to the expiration of terms of several leases during the Track Record Period without entering into new material leases. Our total lease liabilities further decreased to RMB23.4 million as of March 31, 2026, mainly because some of our building leases gradually expired in 2026 with no necessity of extension nor entry of new leases, leading to the reduction of lease liabilities. Our total lease liabilities increased to RMB49.0 million from March 31 to May 31, 2026, mainly due to the commencement of the lease for our Chongqing Manufacturing Base.

Except for our indebtedness as disclosed above as of December 31, 2023, 2024, 2025 and May 31, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than bills payables generated from ordinary business) or other material contingent liabilities, which were either guaranteed or unguaranteed, secured or unsecured. Our Directors confirm that there is no material change in our indebtedness since May 31, 2026 and up to the Latest Practicable Date.

As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, any material default in the payments of trade and non-trade payables, bank loans and other borrowings, or any material breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we had no contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/period indicated:

	Year ended December 31,			Three months ended March 31,
	2023	*2024*	*2025*	*2026*
Gross profit margin[(1)]	20.5%	19.1%	19.6%	19.3%
Adjusted EBITDA margin (Non-IFRS measure)[(2)]	16.1%	16.2%	16.2%	16.4%
Net profit margin[(3)]	10.8%	10.6%	10.7%	10.4%
Return on equity (ROE)[(4)]	12.1%	13.8%	14.2%	3.1%

Notes:

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

(2) Adjusted EBITDA margin (Non-IFRS measure) equals adjusted net profit (Non-IFRS measures) before deducting net interest expense, income tax expenses, depreciation and amortization for the year/period divided by the revenue for the year/period and multiplied by 100%.

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

(4) Return on equity equals net profit for the year/period divided by total equity as of the year/period end and multiplied by 100%.

Gross Profit Margin

See "— Results of Operations" for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Adjusted EBITDA margin (Non-IFRS measure)

Our Adjusted EBITDA margin (Non-IFRS measure) remained stable at 16.1%, 16.2%, 16.2% and 16.4% in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively.

Net Profit Margin

Our net profit margin remained stable during the Track Record Period. See "— Results of Operations" for a discussion of the factors affecting our net profit margin during the Track Record Period.

Return on Equity (ROE)

Our return on equity increased from 12.1% in 2023 to 13.8% in 2024 and further increased to 14.2% in 2025. The return on equity was 3.1% for the three months ended March 31, 2026, as it only reflected one quarter return result, which is in line with the increase of our profit in the Track Record Period. See "— Key Factors Affecting Our Results of Operations" and "Business — Seasonality" for details.

CAPITAL EXPENDITURES

The table below outlines our capital expenditures for the years/periods indicated:

	Year ended December 31,			Three months ended March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	996,196	621,785	619,166	259,207
Right-of-use assets	–	4,770	211,468	–
Intangible assets	44,437	52,586	37,335	1,704
Total	**1,040,633**	**679,141**	**867,969**	**260,911**

We funded these expenditures mainly with cash generated from our business operations. Following the [**REDACTED**], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations and the net [**REDACTED**] from the [**REDACTED**]. See "Future Plans and [**REDACTED**]." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

The following table sets forth details of our capital commitments as of the dates indicated:

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	497,801	411,852	635,659	524,812

RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 37 of the Accountants' Report in Appendix I to this document. Our Directors are of the view that each of the related party transactions was conducted in the ordinary course of business on an arm's-length basis and on normal commercial terms between the relevant parties and would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any off-balance sheet arrangements.

FINANCIAL RISKS DISCLOSURE

We are exposed to various types of financial and market risks (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk in the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For details of the risks to which we are exposed, see Note 39 to the Accountants' Report set out in Appendix I to this Document.

Market risk

Currency risk

We are mainly exposed to foreign exchange risk arising from future commercial transactions, and from recognized assets and liabilities. The functional currency of our Company and its major subsidiaries in the PRC is RMB in which most of the transactions are denominated. The functional currency of subsidiary operating in Serbia is RSD, in which most of their transactions are denominated. We are mainly exposed to foreign exchange risk in respect of exchange fluctuations of RMB against RSD. We currently do not have foreign currency hedging policy in respect of foreign currency assets and liabilities. We will monitor our foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

We did not have any significant financial assets or financial liabilities that are denominated in a currency other than their functional currency during the Track Record Period. Therefore, the management does not expect that there will be any significant currency risk.

Interest rate risk

We are exposed to fair value interest rate risk in relation to lease liabilities. We are also exposed to cash flow interest rate risk in relation to fixed-rate financial assets at FVTPL, variable-rate bank balance. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Other price risk

We are exposed to equity price risk through our investments in equity securities measured at FVTOCI. For equity securities measured at FVTOCI quoted in the Stock Exchange of Hong Kong Limited, our management manage such exposure by maintaining a portfolio of investments with different risks. In addition, we also invested in certain unquoted equity securities for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI. We have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. Our Directors manage this risk exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise if necessary.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to our Group. Our credit risk exposures are primarily attributable to trade and bills receivables, deposits and other receivables, bank balances and restricted bank deposits. We do not hold any collateral or other credit enhancements to cover the credit risks associated with our financial assets.

Trade and bills receivables

In order to minimize the credit risk, our management has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, we perform impairment assessment under ECL model upon application of IFRS 9 based on individual assessment for significant balances and on provision matrix for the remaining.

Our concentration of credit risk on trade receivables by geographical locations is mainly in the PRC. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our Group has concentration of credit risk as 34.0%, 36.3%, 22.1% and 18.7% of the gross trade receivables was due from our largest customer respectively and 69.3%, 76.4%, 61.5% and 61.1% of the gross trade receivables was due from our five largest customers in each year/period end respectively. In order to minimize the credit risk, our management has delegated a team responsible for determination of credit limits and credit approvals.

Deposits and receivables

For deposits and receivables, our management makes periodic individual assessment on the recoverability of deposits and receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and we provided impairment based on 12-month ECL.

Cash and cash equivalents and restricted bank deposits

Credit risk on cash and cash equivalents and restricted bank deposits is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. We assessed 12-month ECL for cash and cash equivalents and restricted bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12-month ECL on cash and cash equivalents and restricted bank deposits is considered to be insignificant and therefore no loss allowance was recognized.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, the total dividends we paid were RMB312.4 million, RMB397.3 million and RMB426.5 million during the years ended December 31, 2023, 2024 and 2025 respectively. We declared the dividend of RMB508.8 million in respect of the year ended December 31, 2025 on April 10, 2026, which was fully paid out in May 2026.

After completion of the [**REDACTED**], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC and Hong Kong laws and regulations and approval by our Shareholders. We intend to distribute cash dividends to our Shareholders at least on an annual basis. Subject to our constitutional documents, applicable PRC laws and approval by our Shareholders, our dividend policy is to typically distribute cash dividends to our Shareholders of no less than 30% of our distributable profits for any particular year.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of March 31, 2026, we had approximately RMB7,266.1 million of retained earnings available for distribution to our Shareholders.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We estimate that our total [**REDACTED**] expenses (including [**REDACTED**]) will be approximately RMB[**REDACTED**] million, accounting for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] stated in this Document and the [**REDACTED**] is not exercised). During the Track Record Period, we incurred [**REDACTED**] expenses of RMB[**REDACTED**] million, of which RMB[**REDACTED**] million was recognized as administrative expenses in the consolidated statements of profit or loss and RMB[**REDACTED**] million was directly attributable to the issuance of [**REDACTED**] which is expected to be charged against equity upon the [**REDACTED**]. The estimated [**REDACTED**] expenses of approximately RMB[**REDACTED**] million are expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] million are expected to be deducted from equity upon [**REDACTED**]. The [**REDACTED**] expenses consist of RMB[**REDACTED**] million [**REDACTED**] expenses and RMB[**REDACTED**] million non-[**REDACTED**]-related expenses (including fees and expenses of legal advisors and the reporting accountant of RMB[**REDACTED**] million and other fees and expenses of RMB[**REDACTED**] million). Our Directors do not expect such expenses to have a material adverse impact on our financial results in 2026. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since March 31, 2026, being the end date of the periods reported in the Accountants' Report in Appendix I to this document, and there is 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.