You should read the following discussion and analysis in conjunction with our historical financial information included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all the information provided in this document.

OVERVIEW

We are a globally leading provider of precision optical solutions, focusing on the mid- to high-end optical module and system integration markets for global consumer electronics, automotive electronics, smart office applications, and emerging sectors and others such as intelligent robots, XR smart device and smart glasses.

During the Track Record Period, we generated revenue from provision of customized precision optical solutions for global customers in sectors spanning consumer electronics, automotive electronics, smart office applications and other emerging industry sectors. We achieved robust growth in our revenue. Our revenue grew from RMB15,247.6 million in 2023 to RMB27,914.5 million in 2024, to RMB34,755.0 million in 2025, with a CAGR of 51.0%. Our revenue grew by 14.7% from RMB11,880.6 million for the five months ended May 31, 2025 to RMB13,623.8 million for the five months ended May 31, 2026. In 2023, 2024 and 2025, we achieved a profit of the year/period of RMB587.7 million, RMB1,051.6 million and RMB1,689.9 million respectively, achieving a CAGR of 69.6%. Our profit for the period grew by 48.5% from RMB522.8 million for the five months ended May 31, 2025 to RMB776.3 million for the five months ended May 31, 2026.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**"). For the purpose of preparing the historical financial information, we adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2026.

The historical financial information has been prepared under the historical cost basis, except for investments in equity securities and net defined benefit retirement assets and obligations, which have been measured at their fair values.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations and financial condition are mainly affected by a number of general factors that impact our ability to capitalize on the growth of target markets, including but not limited to (i) the overall economic growth and conditions; (ii) technological advancement in the sectors in which we operate; and (iii) regulatory environment.

In addition, our results of operations are also primarily affected by the following company-specific factors:

Demand of our Products from the Downstream Market and End-users

Our business performance is affected by the downstream market size and customer demand for precision optical solutions applied on consumer electronics, automotive electronics, smart office applications and other emerging sectors. According to Frost & Sullivan, the global market of precision optical solutions for consumer electronics is expected to reach US$124.9 billion by 2030, with a CAGR of 9.9% from 2026 to 2030, and the global market of precision optical solutions for automotive electronics will reach US$82.0 billion by 2030, with a CAGR of 12.1% from 2026 to 2030, both demonstrating stable and robust growth. AI has become the core growth driver of the global consumer electronics and automotive electronics precision optical solutions. Downstream market demand could also be affected by number of factors including macroeconomic conditions and the evolving needs of end customers across various sectors.

Our Product Portfolio and Pricing Policy

We offer a wide portfolio of precision optical products for global customers across sectors from consumer electronics, automotive electronics, smart office applications and other emerging industry sectors. Our ability to offer a comprehensive range of precision optical products is one of our key factors affecting our financial conditions and results of operations. Throughout the years, we had developed a cross-sector, comprehensive product matrix leveraging our strong technological capabilities. See "Business — Our Product and Solution Offerings" for details. Our continuous success will depend on our ability to anticipate market trends and develop products that meet the demand of downstream customers.

We primarily follow demand-driven pricing strategy for products in consumer electronics, automotive electronics and smart office applications, taking into consideration downstream demand, prices of competitive products, operational efficiency, and yield rate, among others. Our ability to price our product at a level that allows us to retain a reasonable profit level while keeping our product competitive to maintain or attract market share is key to our success. We may face pressure to increase prices in case of increases in raw material prices or production costs or changes in competitive landscape.

We aim to further enrich our product portfolio, maintain a strong focus on high-margin product categories and improve our profit margin through promoting the digitalization, automation and flexibility improvement of our production lines and production management systems. By continuously refining our product mix and leveraging technological innovation, we are committed to sustaining robust financial performance and driving long-term growth. However, the evolving competitive landscape, technological development and fluctuations in product demand may impact our financial performance.

Our R&D Capabilities

Our ability to continue R&D activities, develop new technologies and new products is critical to our success. We devoted significant resources towards R&D in developing solid technologies and processes, which enable us to possess an integrated precision manufacturing platform and a range of products well-recognized by the market. In 2023, 2024 and 2025 and for the five months ended May

31, 2025 and 2026, we recorded R&D expenses of RMB808.3 million, RMB1,092.4 million, RMB1,351.3 million, RMB547.1 million and RMB457.7 million, respectively. As of May 31, 2026, we had 2,450 dedicated R&D personnel, and possessed over 270 invention patents globally.

We will continue to invest in our R&D capabilities and strive for innovation as we believe our market success and financial performance will significantly depend on our ability to maintain our technological advancement to develop products that satisfy market needs.

Our Supply Chain and Production Capacity

As a result of the concentration on the upstream supply chain, we rely on a number of major suppliers for raw materials, component, modules, among others. Therefore, our ability to maintain stable business relationships with our major suppliers to obtain quality and price-competitive materials on a timely basis is crucial for our business and results of operations. We believe our efficient supply chain management enables us to launch and upgrade products in response to market demand in a timely manner. We also seek to enhance our bargaining power in supply purchases by leveraging our growing procurement scale.

Our Ability to Maintain and Improve Operating Efficiency

Our profitability is dependent on our ability to manage our costs and optimize our operating efficiency. In 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, we incurred selling and distribution expenses and administrative expenses in aggregate of RMB336.5 million, RMB466.5 million, RMB461.7 million, RMB133.0 million and RMB197.6 million, representing 2.2%, 1.7%, 1.3%, 1.1% and 1.5% of our total revenue during the same years/periods, respectively. We managed to improve our operating efficiency through budget management and process automation.

As our business continues to grow, we continually evaluate and optimize our administrative processes to maintain cost control. We strive to continually improve our operating efficiency and enhance our results of operations as we achieve economies of scale by managing our costs and expenses.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective estimates and assumptions, as well as complex judgments related to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the sensitivity of results to changes in conditions and assumptions.

We believe that the (i) material accounting information in relation to the recognition of revenue from contracts with customers, inventories, goodwill, cash and cash equivalents, property, plant and equipment and depreciation, as detailed in Note 2 of the Accountants' Report in Appendix I to this document and (ii) accounting judgments and estimates including write down of inventories, assessment of impairment of non-current assets and impairment of trade and other receivables, among others, as set forth in details in Notes 3 to the Accountants' Report in Appendix I to this document are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
			(RMB'000)		
				(unaudited)	(unaudited)
Revenue	15,247,562	27,914,466	34,754,998	11,880,618	13,623,763
Cost of sales	(13,424,607)	(24,889,356)	(31,004,941)	(10,569,012)	(12,044,785)
Gross profit	1,822,955	3,025,110	3,750,057	1,311,606	1,578,978
Other income/(loss)	182,999	(42,269)	163,473	97,908	57,323
Selling and distribution expenses	(74,613)	(89,558)	(141,782)	(44,979)	(47,747)
Administrative expenses	(261,870)	(376,989)	(319,958)	(87,981)	(149,830)
Research and development expenses	(808,265)	(1,092,371)	(1,351,265)	(547,149)	(457,671)
Profit from operations	861,206	1,423,923	2,100,525	729,405	981,053
Finance costs	(231,123)	(251,848)	(183,243)	(94,285)	(66,533)
Share of loss of joint ventures and associates	(400)	—	(2,402)	(378)	(1.189)
Profit before taxation	629,683	1,172,075	1,914,880	634,742	913,331
Income tax expense	(42,022)	(120,494)	(224,954)	(111,991)	(137,044)
Profit for the year/period	**587,661**	**1,051,581**	**1,689,926**	**522,751**	**776,287**
Attributable to:					
Equity shareholders of the Company	499,001	794,984	1,285,895	384,938	581,430
Non-controlling interests	88,660	256,597	404,031	137,813	194,857
Profit for the year /period	**587,661**	**1,051,581**	**1,689,926**	**522,751**	**776,287**

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we generated revenue from sales of products under different business lines, namely (i) consumer electronics; (ii) automotive electronics; (iii) smart office applications; and (iv) emerging sectors and others. Under these business lines, we principally sold products including camera modules applied on smartphones, tablets, laptops and automotives and LiDAR components. See "Business — Our Product and Solution Offerings" for details. We generally recognize revenue when our customer takes possession of and accepts the products.

Revenue by Business Line

The following table sets forth our revenue by business line for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(unaudited)		(unaudited)	
Consumer electronics	11,919,092	78.2	23,854,932	85.5	31,276,185	90.0	10,593,471	89.2	12,422,704	91.2
Automotive electronics	949,745	6.2	1,226,154	4.4	824,325	2.4	324,520	2.7	171,020	1.3
Smart office applications	1,800,302	11.8	1,970,628	7.1	1,593,354	4.6	599,194	5.0	648,010	4.8
Emerging sectors and others	578,423	3.8	862,752	3.0	1,061,134	3.0	363,433	3.1	382,029	2.7
Total	**15,247,562**	**100.0**	**27,914,466**	**100.0**	**34,754,998**	**100.0**	**11,880,618**	**100.0**	**13,623,763**	**100.0**

The following table sets forth the sales volume of our major products in terms of number of units during the Track Record Period:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
			('000 unit)		
Consumer electronics	221,212	335,680	405,199	143,082	155,940
Automotive electronics	5,082	7,756	10,116	1,851	3,432
Smart office applications	999	939	866	301	362

The following table sets forth the ASP of our major products in terms of number of units during the Track Record Period:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
			(RMB per unit)		
Consumer electronics	53.9	71.1	77.2	74.0	79.7
Automotive electronics	186.9	158.1	81.5	175.3	49.8
Smart office applications	1,802.1	2,098.6	1,839.9	1,990.7	1,790.1

During the Track Record Period, our sales volume was generally on a steady growing trajectory, mainly due to our broadened business lines and increasing adoption of our products by global customers. During the Track Record Period, our products were predominately provided to the consumer electronics sector, which was our primary revenue driving force. During the Track Record Period, our sales volume of smart office applications had a general decreasing trend after we commenced our smart office business line in 2023, primarily due to a decrease in customer demand. The ASP of our consumer electronic products generally increased throughout the Track Record Period, primarily attributable to our enhanced product specifications; while the ASP of our automotive electronic products and smart office application products fluctuates from period to period, primarily attributable to variations in product mix, reflecting the evolving specification requirements from our customers.

Comparison between the five months ended May 31, 2025 and 2026. Our revenue increased by 14.7% from RMB11,880.6 million for the five months ended May 31, 2025 to RMB13,623.8 million for the five months ended May 31, 2026, primarily driven by the increase in revenue from the sales of consumer electronics.

- ***Consumer electronics.*** Our revenue from sales of consumer electronics increased by 17.3% from RMB10,593.5 million for the five months ended May 31, 2025 to RMB12,422.7 million for the five months ended May 31, 2026, primarily due to the increase in our sales volume of consumer electronics by 9.0% from 143.1 million units for the five months ended May 31, 2025 to 155.9 million units for the five months ended May 31, 2026 and the increase in ASP from RMB74.0 for the five months ended May 31, 2025 to RMB79.7 for the five months ended May 31, 2026. Such increases were mainly due to the increasing contribution of rear camera products, following the commencement of mass production of our rear camera products between late 2024 and early 2025.

- ***Automotive electronics.*** Our revenue from sales of automotive electronics decreased by 47.3% from RMB324.5 million for the five months ended May 31, 2025 to RMB171.0 million for the five months ended May 31, 2026. The sales volume of our automotive electronics increased from 1.9 million units for the five months ended May 31, 2025 to 3.4 million units for the five months ended May 31, 2026. However, the ASP of our automotive electronics decreased significantly from RMB175.3 for the five months ended May 31, 2025 to RMB49.8 for the five months ended May 31, 2026, primarily driven by the change in our cooperation model with automotive electronics customers as part of our business strategy adjustments commencing in early 2026. Under the current arrangement, we primarily provide sales of products after performing processing and manufacturing services and thereby only charging product markups, whereas under the previous arrangement, we procured laser-related materials and sold products to customers. As the current arrangement places greater emphasis on the processing and manufacturing component of the relevant products rather than material procurement, the value of laser-related materials previously included in the selling price was reduced, resulting in a decrease in the ASP of the relevant products.

- ***Smart office applications.*** Our revenue from sales of smart office applications increased by 8.1% from RMB599.2 million for the five months ended May 31, 2025 to RMB648.0 million for the five months ended May 31, 2026. The sales volume of our smart office increased from 301 thousand for the five months ended May 31, 2025 to 362 thousand for the five months ended May 31, 2026, accompanied by a decline in ASP from RMB1,990.7 for the five months ended May 31, 2025 to RMB1,790.1 for the five months ended May 31, 2026. This was primarily attributable to a variation in the mix of products we sold to our customers.

- ***Emerging sectors and others.*** Our revenue from sales of our products for emerging sectors and others increased by 5.1% from RMB363.4 million for the five months ended May 31, 2025 to RMB382.0 million for the five months ended May 31, 2026, which was in line with the growing customer demand of our products.

Comparison between 2024 and 2025. Our revenue increased by 24.5% from RMB27,914.5 million in 2024 to RMB34,755.0 million in 2025, primarily driven by the increase in revenue from the sales of consumer electronics.

- ***Consumer electronics.*** Our revenue from sales of consumer electronics increased by 31.1% from RMB23,854.9 million in 2024 to RMB31,276.2 million in 2025, primarily due to the increase in our sales volume of consumer electronics by 20.7% from 335.7 million units in 2024 to 405.2 million units in 2025 as we deepened our cooperation with our customers, which enabled us to secure more orders from these customers. The increase in revenue was also driven by higher ASP, as we sold more rear camera modules for smartphones, which are more technologically advanced and typically command higher prices than front camera modules.

- ***Automotive electronics.*** Our revenue from sales of automotive electronics decreased by 32.8% from RMB1,226.2 million in 2024 to RMB824.3 million in 2025. The sales volume of our automotive electronics increased from 7.8 million units in 2024 to 10.1 million units in 2025, reflecting the increased market demand. The ASP of our automotive electronics decreased significantly from RMB158.1 in 2024 to RMB82.0 in 2025 as a result of the variations in the mix of LiDAR module products we sold to our customers. In 2025, we principally sold LiDAR module products with fewer transceivers which commanded lower selling prices.

- ***Smart office applications.*** Our revenue from sales of smart office applications decreased by 19.1% from RMB1,970.6 million in 2024 to RMB1,593.4 million in 2025, primarily due to the decrease in sales volumes and the decrease in the ASP of our smart office application products due to the variations in the mix of products we sold to our customers. In 2025, we sold fewer system integration products which command higher selling prices.

- ***Emerging sectors and others.*** Our revenue from sales of our products for emerging sectors and others increased by 23.0% from RMB862.8 million in 2024 to RMB1,061.1 million in 2025, which was in line with the growing customer demand of our products.

Comparison between 2023 and 2024. Our revenue increased by 83.1% from RMB15,247.6 million in 2023 to RMB27,914.5 million in 2024, primarily driven by the increase in revenue from the sales of consumer electronics.

- ***Consumer electronics.*** Our revenue from sales of consumer electronics increased significantly from RMB11,919.1 million in 2023 to RMB23,854.9 million in 2024. Our sales volume of consumer electronics increased by 51.7% from 221.2 million units in 2023 to 335.7 million units in 2024. The ASP of our consumer electronic products increased from RMB53.9 in 2023 to RMB71.1 in 2024. Such increases were mainly attributable to the increased sales of (i) rear camera modules for smartphones, which are more technologically advanced and typically command higher prices than front camera modules; and (ii) camera modules for higher-end smartphones.

- ***Automotive electronics.*** Our revenue from sales of automotive electronics increased by 29.1% from RMB949.7 million in 2023 to RMB1,226.2 million in 2024, primarily due to the increase in our sales volume of automotive electronics from 5.1 million units in 2023 to 7.8 million units in 2024 as a result of increased sales of LiDAR modules and automotive camera modules due to the increased market demand.

- ***Smart office applications.*** Our revenue from sales of smart office applications increased by 9.5% from RMB1,800.3 million in 2023 to RMB1,970.6 million in 2024, primarily due to the increase in ASP of our smart office application products due to the variations in the mix of products we sold to our customers.

- ***Emerging sectors and others.*** Our revenue from sales of our products for emerging sectors and others increased by 49.2% from RMB578.4 million in 2023 to RMB862.8 million in 2024, primarily due to improved market acceptance of our products.

Revenue by Geographic Location

The following table sets forth a breakdown of our revenue by geographic location, based on the location of goods physically delivered for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)		(unaudited)	
Chinese Mainland	12,089,696	79.3	22,822,484	81.8	29,892,097	86.0	10,094,298	85.0	11,631,032	85.4
India	369,798	2.4	1,685,344	6.0	656,862	1.9	385,838	3.2	151,161	1.1
Swiss Confederation	1,203,281	7.9	1,459,622	5.2	1,340,126	3.9	458,146	3.9	632,764	4.6
The United States of America	972,642	6.4	986,376	3.5	809,707	2.3	344,352	2.9	303,987	2.2
Vietnam	103,475	0.7	446,444	1.6	1,251,523	3.6	376,502	3.2	583,741	4.3
Others(1)	508,670	3.3	514,196	1.9	804,683	2.3	221,482	1.8	321,078	2.4
Total	**15,247,562**	**100.0**	**27,914,466**	**100.0**	**34,754,998**	**100.0**	**11,880,618**	**100.0**	**13,623,763**	**100.0**

Note:

(1) Others primarily include revenue from sales to Japan, Germany, Singapore, Malaysia, Hong Kong of China and Taiwan of China, among others.

Cost of Sales

Our cost of sales primarily consists of (i) cost of inventories, which are mainly lens, motors, sensors, PCBs, chips and other electronic components; (ii) labor costs, which include salaries, wages and other benefits of our production personnel; and (iii) other manufacturing overheads, which mainly include depreciation and amortization of our production facilities and utility expenses.

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

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)		(unaudited)	
Cost of inventories	11,809,744	88.0	22,427,560	90.1	28,177,196	90.9	9,506,698	89.9	10,847,396	90.1
Labor cost	662,451	4.9	1,052,532	4.2	1,075,561	3.5	406,857	3.9	458,722	3.8
Manufacturing overheads	952,412	7.1	1,409,264	5.7	1,752,184	5.6	655,457	6.2	738,667	6.1
Total	**13,424,607**	**100.0**	**24,889,356**	**100.0**	**31,004,941**	**100.0**	**10,569,012**	**100.0**	**12,044,785**	**100.0**

Comparison between the five months ended May 31, 2025 and 2026. Our cost of sales increased by 14.0% from RMB10,569.0 million for the five months ended May 31, 2025 to RMB12,044.8 million for the five months ended May 31, 2026, which was generally in line with our sales growth.

Comparison between 2024 and 2025. Our cost of sales increased by 24.6% from RMB24,889.4 million in 2024 to RMB31,004.9 million in 2025, which was generally in line with our sales growth.

Comparison between 2023 and 2024. Our cost of sales increased by 85.4% from RMB13,424.6 million in 2023 to RMB24,889.4 million in 2024, which was generally in line with our sales growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 65.9% from RMB1,823.0 million in 2023 to RMB3,025.1 million in 2024, and increased by 24.0% to RMB3,750.1 million in 2025. Our gross profit increased by 20.4% from RMB1,311.6 million for the five months May 31, 2025 to RMB1,579.0 million for the five months ended May 31, 2026.

Our gross profit margin is influenced by a number of interrelated factors. These include the competitive landscape, which may affect our pricing flexibility; variations in the mix of products sold, as our product is tailored to customer-specific requirements; and the scale of our manufacturing operations. Additionally, products in early stages of development may incur higher initial costs, which can impact our profit margins. Fluctuations in raw material prices, labor costs and overall operational efficiency may further contribute to changes in our gross profit margin. In 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, we achieved an overall gross profit margin of 12.0%, 10.8%, 10.8%, 11.0% and 11.6%, respectively.

Comparison between the five months May 31, 2025 and 2026. Our gross profit margin increased from 11.0% for the five months ended May 31, 2025 to 11.6% for five months ended May 31, 2026, primarily due to (i) an improvement in the gross profit margin of our consumer electronics products, which was primarily attributable to an advanced model of products with a relatively high margin that we sold to a major customer; and (ii) an improvement in the automotive electronics products, which was driven by the change in our cooperation model with automotive electronics customers as part of our business strategy adjustments commencing in early 2026. Under the current arrangement, we primarily provide sales of products after performing processing and manufacturing services and thereby only charging product markups, whereas under the previous arrangement, we procured laser-related materials and sold products to customers. As the current arrangement places greater emphasis on the processing and manufacturing component of the relevant products rather than material procurement, material costs accounted for a lower proportion of revenue, resulting in an increase in the gross profit margin of the relevant products.

Comparison between 2024 and 2025. Our gross profit margin remained stable at 10.8% and 10.8% in 2024 and 2025, respectively.

Comparison between 2023 and 2024. Our gross profit margin decreased from 12.0% in 2023 to 10.8% in 2024, mainly contributed by a change in the mix of products sold. Specifically, we sold more smartphone camera modules in 2024 that typically have a lower gross profit margin as compared to laptop and tablet camera modules, affected by the competitive landscape of the industry.

Other Income/Loss

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

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
			(RMB'000)		
				(unaudited)	(unaudited)
Interest income	135,976	149,853	97,555	39,534	101,159
Government grants[(1)]	21,949	34,985	74,376	11,837	24,982
Changes in fair value of other financial assets at FVPL	—	8,682	31,609	22,521	35,436
Net (loss)/gain on disposal of property, plant and equipment	(6,472)	(4,045)	(3,601)	(2,635)	(12,519)
Impairment loss on property, plant and equipment	(8,617)	(351,036)	(20,724)	—	—
Net loss on disposal of intangible assets	(78)	(4,462)	—	—	(343)
Net foreign exchange gain/(loss)	24,796	93,259	(49,569)	10,711	(96,692)
Others[(2)]	15,445	30,495	33,827	15,940	5,300
Total	**182,999**	**(42,269)**	**163,473**	**97,908**	**57,323**

Notes:

(1) Government grants mainly represented government incentive and support received by us in relation to our operations and investments during the Track Record Period. There are no unfulfilled conditions or contingencies relating to the grants.

(2) Others mainly included suppliers penalty and sales of scrap materials, among others.

Comparison between the five months ended May 31, 2025 and 2026. Our other income decreased from RMB97.9 million for the five months ended May 31, 2025 to RMB57.3 million for the five months ended May 31, 2026, primarily due to (i) the change of net foreign exchange gains of RMB10.7 million recorded for the five months ended May 31, 2025 to net foreign exchange losses of RMB96.7 million for the five months ended May 31, 2026, primarily due to the depreciation of Renminbi against the U.S. dollar during the corresponding period in 2025, which resulted in foreign exchange gains, as compared to the appreciation of Renminbi against the U.S. dollar during the corresponding period in 2026, which resulted in foreign exchange losses, given our net U.S. dollar asset position; and (ii) an increase in net loss on disposal of property, plant and equipment from RMB2.6 million for the five months ended May 31, 2025 to RMB12.5 million for the five months ended May 31, 2026. These decreases were partially offset by (i) an increase in interest income from RMB39.5 million for the five months ended May 31, 2025 to RMB101.2 million for the five months ended May 31, 2026, primarily due to higher bank deposit balances; (ii) an increase in fair value of other financial assets at FVPL from RMB22.5 million for the five months ended May 31, 2025 to RMB35.4 million for the five months ended May 31, 2026 and (iii) an increase in government grants from RMB11.8 million for the five months ended May 31, 2025 to RMB25.0 million for the five months ended May 31, 2026, mainly attributable to the recognition of grants relating to our technology upgrade projects.

Comparison between 2024 and 2025. We recorded other loss of RMB42.3 million in 2024 and other income of RMB163.5 million in 2025. Such change was primarily due to (i) the significant decrease in impairment loss on property, plant and equipment from RMB351.0 million in 2024 to RMB20.7 million in 2025. Our impairment loss on property, plant and equipment in 2024 was mainly related to the impairment of a production line for certain smartphone camera modules which we anticipated limited future demand, while that in 2025 was mainly related to certain production equipment; (ii) the increase in government grants from RMB35.0 million in 2024 to RMB74.4 million in 2025, which was primarily attributable to the increased amortization of deferred government grants which was mainly relating to our technology upgrade projects; and (iii) the increase in fair value gains on other financial assets at fair value through profit or loss from RMB8.7 million in 2024 to RMB31.6 million in 2025, resulting from the increase in valuation of our investment. These positive impacts were partially offset by (i) the change from net foreign exchange gains of RMB93.3 million in 2024 to net foreign exchange losses of RMB49.6 million in 2025, which mainly arose from fluctuations in exchange rate between USD and RMB; and (ii) the decrease in interest income from RMB149.9 million in 2024 to RMB97.6 million in 2025, resulting from mainly attributable to lower average deposit balances and a decline in interest rates.

Comparison between 2023 and 2024. We recorded other income of RMB183.0 million in 2023 and other loss of RMB42.3 million in 2024. Such change was primarily due to the increase in impairment loss on property, plant and equipment from RMB8.6 million in 2023 to RMB351.0 million in 2024. Our impairment loss on property, plant and equipment in 2023 was mainly related to certain production equipment, while that in 2024 was mainly related to the impairment of a production line for certain smartphone camera modules which we anticipated limited future demand, partially offset by (i) the increase in foreign exchange gains from RMB24.8 million in 2023 to RMB93.3 million in 2024, which mainly arose from fluctuations in exchange rate between USD and RMB; and (ii) the increase in others from RMB15.4 million in 2023 to RMB30.5 million in 2024 as a result of increased penalty from suppliers which failed to deliver on schedule.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of (i) commission expenses related to our sales made previously, which was settled from time to time with our customers; (ii) salaries, allowances and employee welfare for our selling and distribution personnel; (iii) freight and transportation; (iv) office supplies and consumables; (v) professional fees, primarily including fees incurred for testing and certification services; (vi) equity settled share-based payment expenses; and (vii) sample fees, representing cost of our sample products for business development purposes. Our selling and distribution expenses as a percentage of revenue was 0.5%, 0.3%, 0.4%, 0.4% and 0.4% in 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, respectively.

The following table sets forth the breakdown of our selling and distribution expenses by nature for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)		(unaudited)	
Commission expenses	29,167	39.1	30,440	34.0	78,975	55.7	23,110	51.4	24,912	52.2
Salaries, allowances and employee welfare	16,512	22.1	19,787	22.1	18,261	12.9	7,082	15.7	7,949	16.6
Freight and transportation	5,671	7.6	10,447	11.7	10,742	7.6	3,979	8.8	3,903	8.2
Office supplies and consumables	1,108	1.5	2,412	2.7	7,427	5.2	3,447	7.7	1,374	2.9
Professional fees	6,194	8.3	5,728	6.4	7,537	5.3	115	0.3	1,070	2.2
Equity settled share-based payment expenses	2,119	2.8	6,613	7.4	3,027	2.1	2,695	6.0	664	1.4
Sample fees	3,584	4.8	3,231	3.6	3,903	2.8	763	1.7	2,028	4.2
Others[(1)]	10,258	13.8	10,900	12.1	11,910	8.4	3,788	8.4	5,847	12.3
Total	**74,613**	**100.0**	**89,558**	**100.0**	**141,782**	**100.0**	**44,979**	**100.0**	**47,747**	**100.0**

Note:

(1) Others mainly represented traveling and business development expenses, utility expenses, repair and maintenance expenses and depreciation and amortization, among others.

Comparison between the five months ended May 31, 2025 and 2026. Our selling and distribution expenses increased by 6.2% from RMB45.0 million for the five months ended May 31, 2025 to RMB47.7 million for the five months ended May 31, 2026, primarily due to (i) an increase in other selling and distribution expenses relating to our new manufacturing base; and (ii) increases in commission expenses and sample fees which were in line with the growth in our products sold, partially offset by lower equity settled share-based payment expenses.

Comparison between 2024 and 2025. Our selling and distribution expenses increased by 58.3% from RMB89.6 million in 2024 to RMB141.8 million in 2025, primarily due to an increase in commission expenses in relation to sales in 2024 and 2025.

Comparison between 2023 and 2024. Our selling and distribution expenses increased by 20.0% from RMB74.6 million in 2023 to RMB89.6 million in 2024, primarily due to (i) an increase in freight and transportation as a result of our business expansion; (ii) an increase in equity settled share-based payment expenses; and (iii) an increase in salaries, allowances and employee welfare as a result of salary increment and bonuses.

Administrative Expenses

Our administrative expenses primarily consisted of (i) salaries, allowances and employee welfare of our administrative personnel; (ii) depreciation and amortization of our office premises and dormitories; (iii) tax and duties, representing mainly VAT levies and stamp duties; (iv) legal and professional fees, mainly including legal fees, audit and consulting fees and corporate service fees; (v) office supplies and consumables; (vi) equity settled share-based payment expenses; and (vii) credit impairment loss arising from our trade and other receivables. Our administrative expenses as a percentage of revenue was 1.7%, 1.4%, 0.9%, 0.7% and 1.1% in 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, respectively. The following table sets forth the breakdown of our administrative expenses by nature for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)		(unaudited)	
Salaries, allowances and employee welfare	94,497	36.1	106,990	28.4	103,301	32.3	40,418	45.9	52,283	34.9
Depreciation and amortization	41,052	15.7	44,685	11.9	47,612	14.9	22,267	25.3	20,132	13.4
Tax and duties	34,475	13.2	29,858	7.9	80,102	25.0	13,510	15.4	27,181	18.1
Legal and professional fees	34,367	13.1	34,307	9.1	39,982	12.5	8,811	10.0	20,360	13.6
Office supplies and consumables	20,326	7.8	53,390	14.2	29,068	9.1	4,696	5.3	4,193	2.8
Equity settled share-based payment expenses	7,141	2.7	76,022	20.2	10,045	3.1	5,089	5.8	2,039	1.4
Credit impairment loss	17,559	6.7	14,784	3.9	(3,316)	(1.0)	(10,874)	(12.4)	8,420	5.6
Others(1)	12,453	4.7	16,953	4.4	13,164	4.1	4,064	4.7	15,222	10.2
Total	**261,870**	**100.0**	**376,989**	**100.0**	**319,958**	**100.0**	**87,981**	**100.0**	**149,830**	**100.0**

Note:

(1) Others mainly represented repair and maintenance expenses, travelling expenses, training expenses, telecommunication expenses, among others.

Comparison between the five months ended May 31, 2025 and 2026. Our administrative expenses increased by 70.3% from RMB88.0 million for the five months ended May 31, 2025 to RMB149.8 million for the five months ended May 31, 2026, primarily due to (i) an increase in tax and duties, which was charged based on increasing urban construction tax and education surcharges due to business expansion; (ii) an increase in legal and professional fees, mainly attributable to professional service fees incurred in connection with the Listing; and (iii) an increase in other administrative expenses, mainly represented the relocation-related expenses. Such increases were partially offset by (i) a decrease in salaries, allowances and employee benefits mainly due to a decrease in headcount in 2026; (ii) depreciation and amortization expenses; and (iii) equity settled share-based payment expenses.

Comparison between 2024 and 2025. Our administrative expenses decreased by 15.1% from RMB377.0 million in 2024 to RMB320.0 million in 2025, primarily due to (i) a decrease in equity settled share-based payments; and (ii) a decrease in office supplies and consumables as it normalized during the year, following the elevated level in 2024 caused by the commissioning of new facilities. Such decreases were partially offset by the increase in tax and duties primarily due to higher urban construction tax and education surcharges, which are levied on value-added tax.

Comparison between 2023 and 2024. Our administrative expenses increased by 44.0% from RMB261.9 million in 2023 to RMB377.0 million in 2024, primarily due to (i) an increase in equity settled share-based payment expenses; (ii) an increase in office supplies and consumables as a result of purchases of equipment and facilities for administrative purpose as new facilities put into operation; and (iii) an increase in salaries, allowances and employee welfare as a result of the increased headcounts.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) salaries, allowances and employee welfare for our R&D personnel; (ii) direct materials, molds, consumables and supplies consumed in our R&D activities; (iii) professional fees, representing costs for testing and certifications; (iv) depreciation and amortization; and (v) equity settled share-based payment expenses. Our research and development expenses as a percentage of revenue was 5.3%, 3.9%, 3.9%, 4.5% and 3.4% in 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, respectively. The following table sets forth the breakdown of our research and development expenses by nature for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)		(unaudited)	
Salaries, allowances and employee welfare	400,888	49.6	542,833	49.7	533,770	39.5	232,805	42.6	222,051	48.5
Direct materials, molds, consumables and supplies	144,961	17.9	188,655	17.3	276,132	20.4	112,676	14.2	78,007	17.0
Professional fees	130,910	16.2	196,771	18.0	255,861	18.9	77,908	20.6	43,755	9.6
Depreciation and amortization	78,818	9.8	100,164	9.2	115,041	8.5	57,842	10.6	73,657	16.1
Equity settled share-based payment expenses	8,068	1.0	6,771	0.6	73,026	5.4	38,665	7.1	16,171	3.5
Others[1]	44,620	5.5	57,177	5.2	97,435	7.3	27,253	4.9	24,030	5.3
Total	**808,265**	**100.0**	**1,092,371**	**100.0**	**1,351,265**	**100.0**	**547,149**	**100.0**	**457,671**	**100.0**

Note:

(1) Others mainly represented repair and maintenance expenses, utility expenses, travelling expenses, communication expenses, logistic expenses, among others.

Comparison between the five months ended May 31, 2025 and 2026. Our research and development expenses decreased by 16.4% from RMB547.1 million for the five months ended May 31, 2025 to RMB457.7 million for the five months ended May 31, 2026, primarily due to decreases in direct materials, molds, consumables and supplies, as well as professional fees, mainly attributable to reduced research and development activities relating to rear camera products as such products had gradually progressed from the development stage to mass production. Such decreases were partially offset by increased depreciation and amortization expenses associated with newly acquired research and development equipment.

Comparison between 2024 and 2025. Our research and development expenses increased by 23.7% from RMB1,092.4 million in 2024 to RMB1,351.3 million in 2025, primarily due to (i) an increase in direct materials, molds, consumables and supplies due to the increased consumption; (ii) an increase in professional fees, mainly relating to service-related operating expenses incurred for engineering, manufacturing support, testing, equipment, and IT services; and (iii) an increase in other expenses. These increases were mainly related to the overall increase in R&D activities. The increase in our research and development expenses was also attributable to an increase in equity settled share-based payment expenses.

Comparison between 2023 and 2024. Our research and development expenses increased by 35.2% from RMB808.3 million in 2023 to RMB1,092.4 million in 2024, primarily due to (i) an increase in salaries, allowances and employee welfare as a result of increased employee welfare; (ii) an increase in professional fees as a result of increased testing and certification expenses incurred for our products; (iii) an increase in direct materials, molds, consumables and supplies expenses related to our R&D activities; and (iv) an increase in depreciation and amortization.

Finance Costs

Our finance costs consisted of (i) interest on bank loans; (ii) interest on amount due to a related party; and (iii) interest on lease liabilities. The following table sets forth a breakdown of finance costs for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(unaudited)		(unaudited)	
Interest on bank loans	216,136	93.5	235,377	93.5	170,077	92.8	88,665	94.0	60,275	90.6
Interest on amount due to a related party	4,511	2.0	323	0.1	—	—	—	—	—	—
Interest on lease liabilities	10,476	4.5	16,148	6.4	13,166	7.2	5,620	6.0	6,258	6.4
Total	**231,123**	**100.0**	**251,848**	**100.0**	**183,243**	**100.0**	**94,285**	**100.0**	**66,533**	**100.0**

Comparison between the five months ended May 31, 2025 and 2026. Our finance costs decreased by 29.4% from RMB94.3 million for the five months ended May 31, 2025 to RMB66.5 million for the five months ended May 31, 2026, primarily due to a decrease in interest on bank loans as we secured borrowings at more favorable interest rates during the period.

Comparison between 2024 and 2025. Our finance costs decreased by 27.2% from RMB251.8 million in 2024 to RMB183.2 million in 2025, primarily due to (i) the decrease in interest on bank loans from RMB235.4 million in 2024 to RMB170.1 million in 2025 as our loan balance reduced and the decrease in interest rates; and (ii) the decrease in interest on lease liabilities from RMB16.1 million in 2024 to RMB13.2 million in 2025.

Comparison between 2023 and 2024. Our finance costs increased by 9.0% from RMB231.1 million in 2023 to RMB251.8 million in 2024, primarily due to (i) the increase in interest on bank loans as our loan increased; and (ii) the increase in interest on lease liabilities as we entered into new leases for business expansion.

Income Tax

Our income tax primarily consists of income tax payable by us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. We are subject to various rates of income tax under different jurisdictions. During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no material disputes or unresolved tax issues with the relevant tax authorities. The following sets forth our principal applicable tax rates in different jurisdictions:

The provision for Hong Kong Profits Tax during the Track Record Period is calculated at 16.5% of the estimated assessable profits for each year/period, except for one subsidiary of our Group, which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Our subsidiaries incorporated outside Chinese Mainland, other than Hong Kong and the Cayman Islands, are subject to overseas profits tax at 10% to 20% on estimated assessable profit during the Track Record Period.

Pursuant to the Administrative Measures for Recognition of High-New Technology Enterprise ("**HNTE**") jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation, our Company, Luxvisions Shangrao and Cowell Dongguan were certified as HNTEs. According to the provisions of Article 28 "Corporate Income Tax Law of the People's Republic of China", the effective Corporate Income Tax ("**CIT**") rate during the Track Record Period was subject to a reduced tax rate of 15%. Other PRC subsidiaries were subject to statutory tax rate of 25%.

Pursuant to the rules and regulations of the Cayman Islands, our Group is not subject to any income tax in the Cayman Islands.

The following table sets forth a breakdown of our income tax expense for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
			(RMB'000)		
				(unaudited)	(unaudited)
Income tax					
Current tax	33,533	201,983	269,345	62,471	150,732
Deferred tax	8,489	(81,489)	(44,391)	49,520	(13,688)
Total	**42,022**	**120,494**	**224,954**	**111,991**	**137,044**

In 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, our effective tax rate, representing income tax expense divided by our profit before taxation, expressed as a percentage, was 6.7%, 10.3%, 11.7%, 17.6% and 15.0%, respectively. Our effective tax rate during the Track Record Period was lower than our statutory enterprise income tax rate, primarily as certain of our subsidiaries in the PRC enjoyed preferential tax treatment and utilization of certain tax losses. Our effective tax rate decreased from the five months ended May 31, 2025 to the five months ended May 31, 2026, primarily due to accrued withholding tax on dividend payments to our overseas subsidiaries recognized for the five months ended May 31, 2026 as compared to the previous corresponding period.

Profit for the Year/Period

As a result of the foregoing, our profit for the year increased by 78.9% from RMB587.7 million in 2023 to RMB1,051.6 million in 2024 and further by 60.7% to RMB1,689.9 million in 2025. Our profit for the period increased from RMB522.8 million for the five months ended May 31, 2025 to RMB776.3 million for the five months ended May 31, 2026. Our net profit margin was 3.9%, 3.8%, 4.9%, 4.4% and 5.7% in 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, respectively.

DISCUSSION OF CERTAIN KEY ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(unaudited)
Non-current assets				
Property, plant and equipment	3,396,134	5,385,338	5,459,597	5,781,511
Intangible assets	45,083	26,045	10,562	7,773
Goodwill	1,950,221	1,978,390	1,957,584	1,901,298
Interest in joint ventures	4,000	4,000	58,673	57,484
Other financial assets at fair value through profit or loss ("**FVPL**")	20,000	37,682	69,291	104,727
Prepayment and other receivables	103,404	164,535	130,906	255,532
Deferred tax assets	121,585	204,115	253,231	271,073
Total non-current assets	**5,640,427**	**7,800,105**	**7,939,844**	**8,379,398**
Current assets				
Inventories	2,261,275	3,827,341	3,318,757	4,015,460
Trade and other receivables	4,454,826	6,623,357	7,764,016	6,354,434
Current tax recoverable	17,073	—	50,327	—
Restricted cash	500,000	—	—	—
Pledged bank deposits	554,707	84,068	13,775	13,777
Bank deposits	1,880,006	1,961,009	2,084,000	1,848,400
Cash and cash equivalents	2,301,501	2,324,222	2,310,432	3,619,076
Total current assets	**11,969,388**	**14,819,997**	**15,541,307**	**15,851,147**
Current liabilities				
Trade and other payables	5,281,390	7,297,551	8,189,869	6,667,943
Bank loans	4,042,355	3,528,074	2,197,334	4,255,284
Lease liabilities	82,816	55,818	36,960	69,866
Current tax payable	26,545	122,670	43,788	53,513
Pillar Two tax liabilities	—	—	5,919	5,919
Contract liabilities	15,310	13,851	7,832	32,050
Dividends payable to NCI	—	—	—	79,490
Total current liabilities	**9,448,416**	**11,017,964**	**10,481,702**	**11,164,065**
Net current assets	**2,520,972**	**3,802,033**	**5,059,605**	**4,687,082**
Total assets less current liabilities	**8,161,399**	**11,602,138**	**12,999,449**	**13,066,480**

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(unaudited)
Non-current liabilities				
Bank loans	928,580	1,616,072	1,266,870	514,959
Lease liabilities	94,123	241,332	216,850	305,752
Net defined benefit retirement obligation	11	40	100	172
Deferred income	28,133	41,191	76,580	103,946
Other non-current liabilities	—	—	17,341	—
Provision	3,875	5,341	4,751	5,022
Pillar Two tax liabilities	—	—	4,613	19,253
Deferred tax liabilities	—	—	14,505	19,339
Total non-current liabilities	**1,054,722**	**1,903,976**	**1,601,610**	**968,443**
NET ASSETS	**7,106,677**	**9,698,162**	**11,397,839**	**12,098,037**
CAPITAL AND RESERVES				
Paid-in capital/share capital	1,287,140	1,379,079	1,379,079	1,379,079
Reserves	4,946,633	7,170,903	8,419,204	8,992,013
Total equity attributable to equity shareholders of the Company	**6,233,773**	**8,549,982**	**9,798,283**	**10,371,092**
Non-controlling interests	872,904	1,148,180	1,599,556	1,726,945
TOTAL EQUITY	**7,106,677**	**9,698,162**	**11,397,839**	**12,098,037**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of machinery, buildings, properties leased for own use, construction in progress and land use right. The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(unaudited)
Leasehold improvements	73,065	78,164	99,095	97,385
Properties leased for own use	153,826	272,808	223,588	344,811
Machinery	1,362,709	3,216,843	3,291,312	3,278,069
Equipment, furniture and fixtures	74,880	91,759	91,449	85,210
Motor vehicles	1,454	3,999	7,149	6,084
Construction in progress	1,155,318	148,584	164,838	428,184
Land use right	159,292	156,048	175,205	172,558
Buildings	415,590	1,417,133	1,406,961	1,369,210
Total	**3,396,134**	**5,385,338**	**5,459,597**	**5,781,511**

Our property, plant and equipment increased by 58.6% from RMB3,396.1 million as of December 31, 2023 to RMB5,385.3 million as of December 31, 2024, primarily due to the addition of new production line for smartphone camera modules, resulting in the increase in machinery in 2024. Our property, plant and equipment remained relatively stable at RMB5,385.3 million and RMB5,459.6 million as of December 31, 2024 and 2025, respectively. Our property, plant and equipment increased by 5.9% from RMB5,459.6 million as of December 31, 2025 to RMB5,781.5 million as of May 31, 2026, primarily due to increases in properties leased for own use and construction in progress, arising from the establishment of our new manufacturing facilities and procurement of new equipment.

Prepayment and Other Receivables

The non-current portion of our other receivables and prepayments primarily represented prepayments for purchase of property, plant and equipment, amounting to RMB103.4 million, RMB164.5 million, RMB130.9 million and RMB255.5 million as of December 31, 2023, 2024 and 2025 and May 31, 2026, respectively.

Goodwill

As of December 31, 2023, 2024 and 2025 and May 31, 2026, we recorded goodwill amounting to RMB1,950.2 million, RMB1,978.4 million, RMB1,957.6 million and RMB1,901.3 million, respectively. Our goodwill arose from business combinations prior to or during the Track Record Period.

The following table sets forth a breakdown of goodwill allocated to identified cash-generating units as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(unaudited)
Cowell Group	1,580,436	1,604,021	1,568,409	1,521,281
IMG business division of LITE-ON Group	369,785	374,369	367,448	358,290
Shanghai manufacturing factory previously under Konica Minolta, Inc.	—	—	21,727	21,727
Total	**1,950,221**	**1,978,390**	**1,957,584**	**1,901,298**

Inventories

Our inventories comprised (i) raw materials, primarily consisting of lens, motors, sensors, PCBs, chips and other electronic components; (ii) work in progress; and (iii) finished goods. The following table sets forth our inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		(unaudited)
Inventories				
Raw materials	683,085	1,004,573	1,223,440	1,063,223
Work in progress	237,088	359,819	362,748	487,717
Finished goods	1,341,102	2,462,949	1,732,569	2,464,520
Total	**2,261,275**	**3,827,341**	**3,318,757**	**4,015,460**

Our inventories increased by 69.3% from RMB2,261.3 million as of December 31, 2023 to RMB3,827.3 million as of December 31, 2024, primarily due to the increased orders for camera modules. Our inventories decreased by 13.3% from RMB3,827.3 million as of December 31, 2024 to RMB3,318.8 million as of December 31, 2025, primarily due to consumptions of inventories for sales during the year. Our inventories increased by 21.0% from RMB3,318.8 million as of December 31, 2025 to RMB4,015.5 million as of May 31, 2026, primarily due to increased orders from customers.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		(unaudited)
Raw materials				
Within 6 months	642,863	941,999	1,176,027	975,611
6 to 12 months	39,310	43,680	22,631	81,929
Over 12 months	912	18,894	24,782	5,683
	683,085	**1,004,573**	**1,223,440**	**1,063,223**
Work-in-progress				
Within 6 months	236,787	359,332	361,656	487,717
6 to 12 months	270	460	1,092	—
Over 12 months	31	27	—	—
	237,088	**359,819**	**362,748**	**487,717**
Finished goods				
Within 6 months	1,243,616	2,401,524	1,707,895	2,419,486
6 to 12 months	93,356	59,526	22,338	43,809
Over 12 months	4,130	1,899	2,336	1,225
	1,341,102	**2,462,949**	**1,732,569**	**2,464,520**
Total	**2,261,275**	**3,827,341**	**3,318,757**	**4,015,460**

We calculate the inventory turnover days using the average of the opening and ending inventory balances for the period, divided by cost of sales of the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025, and 150 days for the five months ended May 31, 2026). The following table sets forth the number of our inventory turnover days for the years/period indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
				(unaudited)
Inventory turnover days	60	45	42	46

Our inventory turnover days decreased from 60 days in 2023 to 45 days in 2024, primarily due to the increase in sales in 2024, leading to the faster consumption of inventories. Our inventory turnover days remained stable at 45 days, 42 days and 46 days in 2024 and 2025 and for the five months ended May 31, 2026, respectively.

As of June 30, 2026, RMB2,670.6 million, or approximately 63.3% of our inventories as of May 31, 2026 had been utilized or sold.

Trade and Other Receivables

The following table sets forth our trade and other receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(unaudited)
Trade receivables, net of loss allowance.	4,058,399	6,116,039	7,459,056	5,988,289
Bills receivables	88,157	111,203	47,000	34,831
Total trade and bills receivables	**4,146,556**	**6,227,242**	**7,506,056**	**6,023,120**
VAT recoverable	192,560	293,551	136,932	163,530
Other receivables and prepayments				
— *Third parties*	111,940	97,313	120,714	167,474
— *Related parties*	3,770	5,251	314	310
Subtotal	115,710	102,564	121,028	167,784
Total trade and other receivables	**4,454,826**	**6,623,357**	**7,764,016**	**6,354,434**

Trade and Bills Receivables

The balance of our trade receivables mainly represented receivables from customers for sales of our products. We grant credit terms to certain customers on a case-by-case basis. We generally grant a limited number of customers credit term of 45 to 150 days.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB'000)			
				(unaudited)
Trade and bills receivables				
Within 1 month	1,961,475	4,093,288	5,272,956	3,375,346
1 to 2 months	1,217,704	1,118,366	915,233	1,113,763
2 to 3 months	653,532	734,027	819,091	923,979
Over 3 months but within 12 months	313,845	281,561	498,776	610,032
Total	**4,146,556**	**6,227,242**	**7,506,056**	**6,023,120**

Our trade and bills receivables increased from RMB4,146.6 million as of December 31, 2023 to RMB6,227.2 million as of December 31, 2024, primarily due to the increase in our sales. Our trade and bills receivables increased from RMB6,227.2 million as of December 31, 2024 to RMB7,506.1 million as of December 31, 2025, primarily due to the increase in our sales. Our trade and bills receivables decreased from RMB7,506.1 million as of December 31, 2025 to RMB6,023.1 million as of May 31, 2026, primarily due to the seasonal nature of our sales, as a larger proportion of our sales is typically generated in the second half of the year, resulting in relatively higher year-end trade and bills receivables balances.

We calculate the trade and bills receivable turnover days using the average of the opening and ending trade and bills receivables balances for the period, divided by revenue for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025, and 150 days for the five months ended May 31, 2026). The following table sets forth the number of our trade and bills receivables turnover days for the years/period indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
				(unaudited)
Trade and bills receivable turnover days	87	68	72	74

Our trade and bills receivables turnover days decreased from 87 days in 2023 to 68 days in 2024, primarily due to the increase in revenue generated from Customer A, which had shorter credit period. Our trade and bills receivables turnover days remained relatively stable at 68 days and 72 days in 2024 and 2025, respectively. Our trade and bills receivables turnover days remained relatively stable at 72 days and 74 days in 2025 and for the five months ended May 31, 2026, respectively.

As of June 30, 2026, RMB2,323.3 million, or approximately 38.4% of our trade and bills receivables as of May 31, 2026 were subsequently settled.

VAT Recoverable

VAT recoverable represented the input VAT we paid on purchases of property, plant and equipment, raw materials, and other operating services, which can be deducted against output VAT arising from our sales and services.

Our VAT recoverable increased from RMB192.6 million as of December 31, 2023 to RMB293.6 million as of December 31, 2024, primarily arose from purchases of property, plant and equipment for our business expansion throughout the year. Our VAT recoverable decreased to RMB136.9 million as of December 31, 2025, primarily arising from lower capital expenditures in 2025. Our VAT recoverable increased to RMB163.5 million as of May 31, 2026, primarily due to an increase in capital expenditures for the acquisition and construction of fixed assets.

Other Receivables and Prepayments

Other receivables and prepayments mainly included interest receivables from bank deposits, prepayments for operating expenses and prepaid VAT levies.

Our other receivables and prepayments decreased from RMB115.7 million as of December 31, 2023 to RMB102.6 million as of December 31, 2024, primarily due to a decrease in interest receivables as we received the interest when the time deposits became matured. Our other receivables and prepayments increased from RMB102.6 million as of December 31, 2024 to RMB121.0 million as of December 31, 2025 and further to RMB167.8 million as of May 31, 2026, primarily due to an increase in prepayments and other receivables relating to an increase in accrued interest receivables resulting from the increase in bank deposits.

Trade and Other Payables

The following table sets forth our trade and other payables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(unaudited)
Trade payables	4,015,428	6,315,749	7,359,038	5,870,787
Accrued charges and other payables				
— Payroll payables	197,846	267,810	263,428	188,480
— Amount due to a related party	181,111	—	—	—
— Payable for machinery	219,785	505,166	328,148	363,570
— Prepayment from investors	500,000	—	—	—
— Others	167,220	208,826	239,255	245,106
	1,265,962	981,802	830,831	797,156
Total trade and other payables	**5,281,390**	**7,297,551**	**8,189,869**	**6,667,943**

Trade Payables

Our trade payables primarily represented outstanding amounts due to our suppliers of electronic parts such as sensors, PCBs, VCMs and integrated circuits. Our trade payables are normally settled in approximately 30 to 120 days.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		(unaudited)
Trade payables				
Within 1 month	1,570,325	2,632,556	4,421,628	3,996,303
1 to 3 months	1,913,054	2,183,440	1,955,469	1,388,346
3 to 6 months	397,106	1,493,123	933,957	461,257
Over 6 months	134,943	6,630	47,984	24,881
Total	**4,015,428**	**6,315,749**	**7,359,038**	**5,870,787**

Our trade payables increased by 57.3% from RMB4,015.4 million as of December 31, 2023 to RMB6,315.7 million as of December 31, 2024, primarily due to increased purchases in anticipation of order fulfilment. Our trade payables increased by 16.5% from RMB6,315.7 million as of December 31, 2024 to RMB7,359.0 million as of December 31, 2025, primarily due to increased purchases as our business continued to grow. Our trade payables decreased by 20.2% from RMB7,359.0 million as of December 31, 2025 to RMB5,870.8 million as of May 31, 2026, primarily due to decreased purchases during the period as we had built up inventories at the end of 2025 in anticipation of production needs.

We calculate the trade payable turnover days using the average of the opening and ending trade payables balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (i.e. 365 days for each of the years ended December 31, 2023, 2024 and 2025, and 150 days for the five months ended May 31, 2026). The following table sets forth the number of our trade payable turnover days for the years/period indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
				(unaudited)
Trade payable turnover days	96	76	80	82

Our trade payable turnover days decreased from 96 days in 2023 to 76 days in 2024, primarily due to increased costs of sales as our sales increased significantly in 2024 and the higher proportion of sales contributed by consumer electronics business in the same year, whose suppliers generally operated on shorter settlement cycles. Our trade payable turnover days remained relatively stable at 76 days, 80 days and 82 days in 2024 and 2025 and for the five months ended May 31, 2026, respectively.

As of June 30, 2026, RMB3,488.7 million, or approximately 59.4% of our trade payables as of May 31, 2026 were subsequently settled.

Accrued Charges and Other Payables

Our accrued charges and other payables comprised (i) payroll payables; (ii) amount due to a related party, which represented interest-bearing borrowings from our related parties; (iii) prepayment from investors; (iv) payable for machinery and (v) others, which primarily included payables for operating expenses.

Our accrued charges and other payables decreased by 22.4% from RMB1,266.0 million as of December 31, 2023 to RMB981.8 million as of December 31, 2024, primarily due to reclassification of the prepayment from investors to equity upon the completion of the financing transaction. Our accrued charges and other payables also decreased by 15.4% from RMB981.8 million as of December 31, 2024 to RMB830.8 million as of December 31, 2025, primarily due to the decrease in payables for machinery. Our accrued charges and other payables further decreased by 4.0% from RMB830.8 million as of December 31, 2025 to RMB797.2 million as of May 31, 2026, primarily due to decrease in payroll payables as our headcount decreased.

NET CURRENT ASSETS

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(Unaudited)
Current assets:				
Inventories	2,261,275	3,827,341	3,318,757	4,015,460
Trade and other receivables	4,454,826	6,623,357	7,764,016	6,354,434
Current tax recoverable	17,073	—	50,327	—
Pledged bank deposits	554,707	84,068	13,775	13,777
Restricted cash	500,000	—	—	—
Bank deposits	1,880,006	1,961,009	2,084,000	1,848,400
Cash and cash equivalents	2,301,501	2,324,222	2,310,432	3,619,076
Total current assets	**11,969,388**	**14,819,997**	**15,541,307**	**15,851,147**
Current liabilities:				
Trade and other payables	5,281,390	7,297,551	8,189,869	6,667,943
Bank loans	4,042,355	3,528,074	2,197,334	4,255,284
Lease liabilities	82,816	55,818	36,960	69,866
Current tax payable	26,545	122,670	43,788	53,513
Pillar Two tax liabilities	—	—	5,919	5,919
Contract liabilities	15,310	13,851	7,832	32,050
Dividends payable to NCI	—-	—	—	79,490
Total current liabilities	**9,448,416**	**11,017,964**	**10,481,702**	**11,164,065**
Net current assets	**2,520,972**	**3,802,033**	**5,059,605**	**4,687,082**

We had net current assets of RMB4,687.1 million as of May 31, 2026, consisting of current assets of RMB15,851.1 million and current liabilities of RMB11,164.1 million, which represented a decrease of RMB372.5 million from our net current assets of RMB5,059.6 million as of December 31, 2025. This was primarily attributable to (i) an increase in our bank loans; and (ii) a decrease in trade and other receivables as a result of decreased trade receivables balance due to seasonal fluctuations in our sales; partially offset by (i) a decrease in trade and other payables which was mainly due to decreased purchases; and (ii) an increase in inventories as a result of increased orders from customers.

We had net current assets of RMB5,059.6 million as of December 31, 2025, consisting of current assets of RMB15,541.3 million and current liabilities of RMB10,481.7 million, which represented an increase of RMB1,257.6 million from our net current assets of RMB3,802.0 million as of December 31, 2024. This was primarily attributable to (i) the increase in our trade and other receivables as a result of increased trade receivables balance due to seasonal fluctuations in our sales; and (ii) a decrease in bank loans. Such increases were partially offset by the increase in our trade and other payables, mainly as a result of the increase in our purchases.

We had net current assets of RMB3,802.0 million as of December 31, 2024, consisting of current assets of RMB14,820.0 million and current liabilities of RMB11,018.0 million, which represented an increase of RMB1,281.1 million from our net current assets of RMB2,521.0 million as of December 31, 2023. This was primarily attributable to the increase in our trade receivables from the increased sales of our products.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our use of cash was primarily related to operating activities and capital expenditure. Historically, we financed our operations mainly through cash generated from our operating activities and financing activities. As of December 31, 2023, 2024 and 2025 and for the five months ended May 31, 2026, we had cash and cash equivalents of RMB2,301.5 million, RMB2,324.2 million, RMB2,310.4 million and RMB3,619.1 million, respectively. Our available cash and cash equivalents comprise cash and bank balances. See Note 20 to "Appendix I — Accountants' Report" for more details.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities, financing activities, and **[REDACTED]** from the **[REDACTED]**.

Cash Flows Analysis

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
			(RMB'000)		
				(unaudited)	(unaudited)
Net cash flows generated from operating activities	974,784	780,189	3,111,399	1,511,706	443,883
Net cash flows used in investing activities	(2,399,321)	(2,363,119)	(1,111,701)	(141,244)	(340,671)
Net cash flows generated from/(used in) financing activities	2,452,546	1,589,519	(1,996,598)	264,179	1,230,994
Net increase in cash and cash equivalents	1,028,009	6,589	3,100	1,634,641	1,334,206
Cash and cash equivalents at the beginning of the year/period	1,262,522	2,301,501	2,324,222	2,324,222	2,310,432
Effect of foreign exchange rate changes	10,970	16,132	(16,890)	(1,712)	(25,562)
Cash and cash equivalents at the end of the year/period	2,301,501	2,324,222	2,310,432	3,957,151	3,619,076

Operating Activities

Net cash flows generated from operating activities consist of our profit before taxation adjusted for (i) certain non-cash or non-operating activities related items, primarily including depreciation and finance costs; (ii) the effects of movement in working capital such as inventories, prepayments, deposits and other receivables and other payables and accruals, among others, and (iii) income tax paid. Cash flows from operating activities can be significantly affected by factors such as fluctuations of profits before taxation across periods, and the amount of trade receivables from customers and the amount of payment of trade payables to suppliers or other counterparties during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities across periods during the Track Record Period.

Our net cash from operating activities was RMB443.8 million for the five months ended May 31, 2026. This net cash inflow was mainly attributable to (i) profit before tax of RMB913.3 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of depreciation and finance costs; (ii) an increase in trade and other payables of RMB1,583.1 million; (iii) an increase in inventories of RMB696.7 million; partially offset by (iv) a decrease in trade and other receivables of RMB1,418.5 million.

Our net cash from operating activities was RMB3,111.4 million in 2025. This net cash inflow was mainly attributable to (i) profit before tax of RMB1,914.9 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of depreciation and finance costs; (ii) an increase in trade and other payables of RMB1,049.2 million; (iii) a decrease in inventories of RMB554.7 million; partially offset by (iv) an increase in trade and other receivables of RMB1,144.9 million.

Our net cash from operating activities was RMB780.2 million in 2024. This net cash inflow was attributable to (i) profit before tax of RMB1,172.1 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of depreciation, finance costs and impairment loss on property, plant and equipment; (ii) an increase in trade and other payables of RMB2,414.1 million. These were partially offset by (i) an increase in trade and other receivables of RMB2,264.8 million; and (ii) an increase in inventories of RMB1,566.1 million.

Our net cash from operating activities was RMB974.8 million in 2023. This net cash inflow was attributable to (i) profit before tax of RMB629.7 million, as adjusted to reflect non-cash or non-operating items, which primarily consisted of depreciation and finance costs; and (ii) an increase in trade and other payables of RMB1,081.2 million. These were partially offset by an increase in trade and other receivables of RMB1,177.4 million.

Investing Activities

Our net cash used in investing activities was RMB340.7 million for the five months ended May 31, 2026. This net cash outflow was mainly attributable to (i) the placement of new bank deposits of RMB964.4 million; and (ii) purchases of property, plant and equipment of RMB655.3 million. This net cash outflow was partially offset by proceeds from matured bank deposits of RMB1,200.0 million.

Our net cash used in investing activities was RMB1,111.7 million in 2025. This net cash outflow was primarily due to (i) purchases of property, plant and equipment of RMB1,121.4 million; and (ii) the placement of new bank deposits of RMB999.0 million. This net cash outflow was partially offset by proceeds from matured bank deposits of RMB875.0 million.

Our net cash used in investing activities was RMB2,363.1 million in 2024. This net cash outflow was primarily due to (i) the placement of new bank deposits of RMB5,159.4 million; and (ii) purchases of property, plant and equipment of RMB2,454.5 million. This net cash outflow was partially offset by proceeds from matured bank deposits of RMB5,078.6 million.

Our net cash used in investing activities was RMB2,399.3 million in 2023. This net cash outflow was primarily due to (i) the placement of new bank deposits of RMB7,520.5 million; and (ii) purchases of property, plant and equipment of RMB1,155.7 million. This net cash outflow was partially offset by proceeds from matured bank deposits of RMB6,350.5 million.

Financing Activities

Our net cash from financing activities was RMB1,231.0 million for the five months ended May 31, 2026. This net cash inflow was mainly attributable to the proceeds from new bank loans of RMB2,891.3 million, partially offset by the repayment of bank loans of RMB1,571.6 million.

Our net cash used in financing activities was RMB1,996.6 million in 2025. This net cash outflow was primarily due to the repayment of bank loans of RMB9,700.8 million, partially offset by the proceeds of new bank loans of RMB8,041.8 million.

Our net cash from financing activities was RMB1,589.5 million in 2024. This net cash inflow was primarily due to (i) the proceeds of new bank loans of RMB10,914.7 million; and (ii) proceeds from capital contribution from investors of RMB1,500.0 million. This net cash inflow was partially offset by the repayment of bank loans of RMB10,755.1 million.

Our net cash from financing activities was RMB2,452.5 million in 2023. This net cash inflow was primarily due to (i) the proceeds from new bank loans of RMB11,411.1 million; and (ii) proceeds from capital contributions from investors of RMB740.0 million. This net cash inflow was partially offset by (i) the repayment of bank loans of RMB8,924.5 million; and (ii) increase in pledged bank deposits of RMB526.5 million.

Working Capital Sufficiency

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

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

During the Track Record Period, our indebtedness consisted of (i) bank loans; (ii) lease liabilities; and (iii) an amount due to a related party, as recognized as part of the trade and other payables. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(Unaudited)
Included in current liabilities				
Bank loans	4,042,355	3,528,074	2,197,334	4,255,284
Lease liabilities	82,816	55,818	36,960	69,866
Amount due to a related party	181,111	—	—	—
Sub-total	**4,306,282**	**3,583,892**	**2,234,294**	**4,325,150**
Included in non-current liabilities				
Bank loans	928,580	1,616,072	1,266,870	514,959
Lease liabilities	94,123	241,332	216,850	305,752
Sub-total	**1,022,703**	**1,857,404**	**1,483,720**	**820,711**
Total indebtedness	**5,328,985**	**5,441,296**	**3,718,014**	**5,145,861**

Our Directors confirm that there has been no material change in our indebtedness position since May 31, 2026, being the latest practicable date for the purpose of the indebtedness statement. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank borrowings, we did not have plans for other material external debt financing.

Bank loans

The following set out a breakdown of our bank loans as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(Unaudited)
Non-current	928,580	1,616,072	1,266,870	514,959
Current	4,042,355	3,528,074	2,197,334	4,255,284
Total	**4,970,935**	**5,144,146**	**3,464,204**	**4,770,243**

During the Track Record Period, our bank loans came from commercial banks and financial institutions bearing effective interest rates in the range of 1.05% to 6.70% per annum.

As of December 31, 2023 and 2024, our bank loans were guaranteed by the Company, certain subsidiaries and/or a Director. As of December 31, 2025 and May 31, 2026, our bank loans were guaranteed by the Company. Additionally, as of December 31, 2023, 2024 and 2025 and May 31, 2026, bank loans of RMB1,485.2 million, RMB968.9 million, RMB741.0 million and RMB659.6 million, respectively, were secured by certain assets of our Group with carrying values amounting to RMB658.5 million, RMB1,121.5 million, RMB1,011.8 million and RMB1,007.8 million as of the respective dates. As of December 31, 2024 and 2025 and May 31, 2026, secured bank loans included the loans which were pledged by 87,060,000 shares of Cowell. See Note 22 to "Appendix I — Accountants' Report" for more details.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans or default in payment of bank loans during the Track Record Period and up to the Latest Practicable Date.

As of May 31, 2026, we had committed unutilized credit facilities of RMB9,633.2 million. We do not anticipate any material changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

Lease Liabilities

Our lease liabilities mainly represent the amount to be paid by us as the lessee for the leases of premises for our production and operating uses. The following table sets forth the carrying amount of our lease liabilities as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB'000)			
				(Unaudited)
Non-current	94,123	241,332	216,850	305,752
Current	82,816	55,818	36,960	69,866
Total	**176,939**	**297,150**	**253,810**	**375,618**

Our lease liabilities increased from RMB176.9 million as of December 31, 2023 to RMB297.2 million as of December 31, 2024, primarily because we renewed our leases and entered into additional lease agreements. Our lease liabilities decreased from RMB297.2 million as of December 31, 2024 to RMB253.8 million as of December 31, 2025, primarily due to expiry of certain leases. Our lease liabilities increased from RMB253.8 million as of December 31, 2025 to RMB375.6 million as of May 31, 2026, primarily as we renewed certain of our leases.

Contingent Liabilities

As of December 31, 2023, 2024, 2025 and May 31, 2026, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

Save as disclosed above, we did not have any bank loans and debentures, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of May 31, 2026, the latest date for determining our indebtedness. Our Directors confirm that there has not been any material change in our indebtedness since May 31, 2026, the latest date for determining our indebtedness, up to the date of this document.

CAPITAL EXPENDITURES AND CONTRACTUAL COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period primarily consisted of expenditures on (i) property, plant and equipment; and (ii) intangible assets. The following table sets forth our capital expenditures for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
			(RMB'000)		
				(unaudited)	(unaudited)
Payments for purchase of:					
Property, plant and equipment	1,155,670	2,454,460	1,121,394	515,626	655,323
Intangible assets	24,535	4,924	1,901	107	224
Total	**1,180,205**	**2,459,384**	**1,123,295**	**515,733**	**655,547**

We expect to fund our future capital expenditures with our operating cash flows. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

Contractual Commitments

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
		(RMB'000)		
				(unaudited)
Contracted for the acquisition of property, plant and equipment	430,587	191,252	113,540	310,581

OFF-BALANCE SHEET ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not our related parties and the market price during the relevant period. Upon the completion of this **[REDACTED]**, we will comply with the relevant Listing Rules and adopt a more prudent approach when reviewing and engaging related party transactions.

During the Track Record Period, we entered into certain related party transactions from time to time, primarily related to compensation of our key management personnel, sales of raw materials and finished goods, purchase of raw materials and equipment, purchases from and provision of labor services to our related parties and leasing of properties. See Note 31 to the Accountants' Report in Appendix I to this document for details of transactions carried out with our related parties during the Track Record Period.

It is the view of our Directors that each of the related party transactions set out in Note 31 of the Accountants' Report in Appendix I to this document (i) were conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the years/period indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Profitability ratios				
Gross profit margin *(%)*[(1)]	12.0	10.8	10.8	11.6
Net profit margin *(%)*[(2)]	3.9	3.8	4.9	5.7
Return on equity *(%)*[(3)]	9.3	12.5	16.0	15.9
Return on assets *(%)*[(4)]	4.0	5.2	7.3	7.8

	As of December 31,			As of May 31,
	2023	2024	2025	2026
Liquidity ratios				
Current ratio *(times)*[(5)]	1.3	1.3	1.5	1.4
Quick ratio *(times)*[(6)]	1.0	1.0	1.2	1.1
Capital adequacy ratio				
Gearing ratio *(%)*[(7)]	75.0	56.1	32.6	42.5

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin is calculated based on profit or loss for the period divided by revenue and multiplied by 100%.

(3) Return on equity is calculated based on profit for the year (or annualized profit for a period less than a year) divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Return on assets is calculated based on profit for the year (or annualized profit for a period less than a year) divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

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

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

(7) Gearing ratio is calculated based on total debts (including bank loans, lease liabilities and amount due to a related party) divided by total equity multiplied by 100%.

Gross Profit Margin and Net Profit Margin

See "— Principal Components of Consolidated Statements of Profit or Loss" for a discussion of the factors affecting our gross profit margin and net profit or loss margin during the respective periods.

Return on Equity

Our return on equity increased from 9.3% in 2023 to 12.5% in 2024 and to 16.0% in 2025, primarily due to an increase in our profit as a result of business expansion. Our return on equity remained stable at 16.0% in 2025 and 15.9% for the five months ended May 31, 2026.

Return on Assets

Our return on assets increased from 4.0% in 2023 to 5.2% in 2024, and to 7.3% in 2025, primarily due to an increase in our profit as a result of business expansion. Our return on assets remained relatively stable at 7.3% in 2025 and 7.8% for the five months ended May 31, 2026.

Current Ratio

Our current ratio remained relatively stable at 1.3 times, 1.3 times, 1.5 times and 1.4 times as of December 31, 2023, 2024 and 2025 and May 31, 2026, respectively.

Quick Ratio

Our quick ratio remained stable at 1.0 times, 1.0 times, 1.2 times and 1.1 times as of December 31, 2023, 2024 and 2025 and May 31, 2026, respectively.

Gearing Ratio

Our gearing ratio decreased from 75.0% as of December 31, 2023 to 56.1% as of December 31, 2024, primarily due to an increase in our total equity. Our gearing ratio decreased from 56.1% as of December 31, 2024 to 32.6% as of December 31, 2025, primarily due to a decrease in our bank loans and an increase in total equity resulting mainly from profits generated during the year. Our gearing ratio increased from 32.6% as of December 31, 2025 to 42.5% as of May 31, 2026, primarily due to increases in our bank loans and lease liabilities.

FINANCIAL RISKS

We are exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and interest rate risk in the ordinary course of our business, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our credit risk is primarily attributable to trade receivables. Our exposure to credit risk arising from cash and cash equivalents, bills receivables, restricted cash, bank deposits and pledged bank deposits is limited because the counterparties are banks for which the Group considers to have low credit risk. See Note 29 in the Accountants' Report set out in Appendix I to this document for details.

Liquidity Risk

Individual operating entities within our Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the approval by our Board in respect of borrowings. Our policy is to regularly monitor current and expected liquidity requirements and our compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet liquidity requirements in the short and longer term. See Note 29 in the Accountants' Report set out in Appendix I to this document for details.

Currency Risk

Our Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars, RMB and Hong Kong dollars. See Note 29 in the Accountants' Report set out in Appendix I to this document for details.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from bank loans. Borrowings issued at variable rates and fixed rates expose us to cash flow interest rate risk. See Note 29 in the Accountants' Report set out in Appendix I to this document for details.

DIVIDENDS

We are incorporated under the laws of the PRC. Any dividends we pay will be at the discretion of our Directors in accordance with relevant regulations subject to the approval by the Company's shareholders and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

DISTRIBUTABLE RESERVES

As of May 31, 2026, our Company had retained profits of RMB30.7 million, which could be distributed subject to current articles of association of the Company and the PRC Company Law.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly include **[REDACTED]** commissions, professional fees paid to legal advisors, the Reporting Accountants and other professional parties for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**.

Based on the **[REDACTED]** of HK$**[REDACTED]** per Share, the total estimated **[REDACTED]** expenses in relation to the **[REDACTED]** are RMB**[REDACTED]** (HK$**[REDACTED]**), assuming the **[REDACTED]** is not exercised, which constitute approximately **[REDACTED]**% of the **[REDACTED]**. Our total **[REDACTED]** expenses consist of (i) **[REDACTED]** expenses and fees (including **[REDACTED]**, Stock Exchange trading fee, SFC and AFRC transaction levy) of RMB**[REDACTED]** (HK$**[REDACTED]**); and (ii) **[REDACTED]** expenses of RMB**[REDACTED]** million (HK$**[REDACTED]**), including (a) fees payable to legal advisors and Reporting Accountants of RMB**[REDACTED]** (HK$**[REDACTED]**) and (b) other fees and expenses of RMB**[REDACTED]** (HK$**[REDACTED]**). During the Track Record Period, **[REDACTED]** expenses of RMB**[REDACTED]** and RMB**[REDACTED]** were incurred in consolidated profit or loss for the year ended December 31, 2025 and the five months ended May 31, 2026, respectively. Among the total **[REDACTED]** expenses, HK$**[REDACTED]** is expected to be charged to profit or loss and HK$**[REDACTED]** directly attributable to the issue of the **[REDACTED]** is expected to be deducted from equity upon the completion of the **[REDACTED]**.

Our Directors do not expect that such expenses will have a material adverse effect on our results of operations for the year ending December 31, 2026.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for the unaudited **[REDACTED]** statement of adjusted net tangible assets of our Group, and is set out therein to illustrate the effect of the **[REDACTED]** on the net tangible assets of our Group attributable to the equity holders of our Company as of May 31, 2026 as if the **[REDACTED]** had taken place on that date.

RECENT DEVELOPMENT

Recent Business and Financial Performance

Subsequent to the Track Record Period, we experienced a continuous increase in our sales revenue and volume, yielding positive operational and financial results. Our revenue for the six months ended June 30, 2026 increased as compared to the same period in 2025, due to an increasing demand of our products from customers, in particular, our consumer electronics products. Additionally, our sales volume for the six months ended June 30, 2026 increased as compared to the same period in 2025.

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, (i) there has been no material adverse change in our business, the industry where we operate, or market or regulatory environment to which we are subject; (ii) there has been no material adverse change in our financial or trading position or prospects since May 31, 2026, being the latest end date of the periods reported on the Accountants' Report in Appendix I to this document; or (iii) there has been no event since May 31, 2026 that would materially affect the information shown in the Accountants' Report set forth in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the **[REDACTED]** of the Shares on the Stock Exchange.