You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial information and the related notes included in the Accountants' Report in Appendix I to document. Our consolidated financial information have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a leading domestic provider of the in-vehicle intelligent connectivity solutions industry in China, according to the F&S Report. As the automotive sector increasingly evolves towards smarter, safer, and more connected vehicles, we believe are at the forefront of this transformation, delivering solutions that address the growing demands of ICVs. Our solutions are essential to the automotive industry's shift toward software-defined vehicles, a trend that is driving the need for communication technologies such as 4G, 5G, and satellite communication, alongside the increasing adoption of V2X technologies.

We are the fourth largest domestic provider of in-vehicle communication solutions in China (market share: 4.9%), with our 4G in-vehicle communication solutions rank third among all domestic providers and fourth among all providers in the market (market share: 5.2%) in terms of shipment volume of 4G T-Box among all domestic providers for the year ended December 31, 2025, according to the F&S Report. Our competitive advantage extends to the E-call solutions sector, where we are the second-largest domestic provider (market share: 2.6%) in terms of shipment volume of E-call terminals for the year ended December 31, 2025. Furthermore, leveraging our overall strengths in the in-vehicle communication solutions sector, we have accelerated the development of our 5G in-vehicle communication solutions, with shipment volume reaching approximately 54.6 thousand units for the year ended December 31, 2025. We have also been actively promoting the localization of intelligent vehicle manufacturing and have established our position as one of the largest domestic supplier of in-vehicle communication solutions featuring communication modules equipped with domestic chips, according to the F&S Report.

For the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, our various solutions, E-call solutions and sensing and domain control solutions achieved shipment volumes of approximate 848.6 thousand units, 1,504.0 thousand units, 1,879.0 thousand units, 590.6 thousand units and 680.7 thousand units, respectively. We have successfully partnered with six of the top ten OEMs in China in 2025 and two of the top three domestic automotive brands in China, according to the F&S Report.

We have also maintained stable gross profitability during the Track Record Period. Our gross profit margin was 23.5%, 27.4%, 26.3%, 21.1% and 23.6% in the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, respectively.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). The measurement basis used in the preparation of the historical financial information is the historical cost basis except that financial assets are stated at their fair value as explained in the accounting policies. For further details, please refer to Note 1 to the Accountants' Report included in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

A number of external and internal factors have influenced, and are expected to continue to influence, our financial performance during the Track Record Period and going forward. Key considerations are set out as below.

General Industry Factors

The success of our business is influenced by several broad industry trends in both the automotive and technology sectors, especially those related to smart automotive systems. Key factors impacting our results include:

Macroeconomic conditions

Economic fluctuations, both domestically and internationally, have a significant impact on consumer spending, vehicle production, and the overall demand for our products. A downturn in key global markets, particularly within the automotive or technology sectors, can lead to reduced consumer and business investments in new technologies, including the smart automotive systems that form the core of our business. These shifts in market confidence can result in lower demand for advanced automotive solutions.

Furthermore, global supply chain disruptions, inflationary pressures, and fluctuations in interest rates can further compound these challenges. For instance, supply chain disruptions may lead to delays in sourcing key components, such as automotive-grade chips, while inflation can increase raw material costs. Changes in interest rates can affect financing costs for both consumers and businesses, potentially leading to reduced purchasing power or investment in innovation. These macroeconomic factors collectively influence our material costs, production schedules, and pricing strategies, directly impacting our profitability and long-term growth prospects.

The automotive sector is also influenced by broader geopolitical and economic factors, such as global trade policies, tariffs, and political movements. Trade restrictions and import/export tariffs, particularly in key markets, can impact cost structures and supply chain dynamics. This is especially relevant for companies with international supply chains or those operating in multiple regions. Geopolitical tensions and political shifts, such as trade disputes or sanctions, may also affect market access, pricing strategies, and the flow of materials, all of which can have significant financial implications. Furthermore, as global economic policies evolve, companies in the automotive industry must stay agile to navigate these challenges and leverage emerging opportunities.

Industry outlook

Our results of operations have been closely linked to the overall outlook of China's automotive sector, particularly vehicle production trends, the penetration of ICV and the pace at which OEMs adopt connectivity-related functions. According to the F&S Report, China's automobile production reached 34.5 million units in 2025, China's ICV output reached 11.4 million units in 2025, representing a penetration rate of 33.0%, and China's in-vehicle intelligent connectivity solution market reached RMB169.3 billion in 2025 and is expected to continue expanding. Our revenue increased from RMB205.8 million in 2023 to RMB398.2 million in 2024 and further to RMB449.3 million in 2025. Our revenue increased from RMB130.8 million for the five months ended May 31, 2025 to RMB179.3 million for the corresponding period in 2026. We believe this trend reflects the fact that stronger OEM production, model launches and increasing adoption of intelligent connectivity and E-call-related functions generally support our shipment volume, revenue scale and fixed-cost absorption, while changes in customer mix, model mix and pricing dynamics within the same industry upcycle may still affect margin performance from period to period.

The industry outlook also affected our cost structure and profitability through product migration, supply chain conditions and ongoing investment requirements. As the PRC automotive sector continues to evolve toward electrification, vehicle intelligence, software-defined vehicles and more centralized electrical and electronic architectures, OEMs are increasing demand for in-vehicle communication, E-call and related control functions, while also placing continuing pressure on suppliers in relation to pricing, delivery and technology iteration. This industry trend contributed to the increase in our cost of sales from RMB157.4 million in 2023 to RMB289.3 million in 2024 and RMB331.0 million in 2025 and from RMB103.2 million for the five months ended May 31, 2025 to RMB137.1 million for same period in 2026. It also required us to maintain continued operating investment, including research and development costs of RMB30.2 million, RMB32.5 million and RMB31.3 million in 2023, 2024 and 2025, respectively, and administrative expenses of RMB10.6 million, RMB14.9 million and RMB28.0 million over the same periods. For the five months ended May 31, 2026 as compared with the same period in 2025, our cost of sales increased from RMB103.2 million to RMB137.1 million, our research and development costs increased from RMB13.4 million to RMB14.9 million, and our administrative expenses increased from RMB8.4 million to RMB19.9 million. Going forward, policy and infrastructure developments are also expected to remain important industry drivers. In particular, the continued rollout of 5G and C-V2X infrastructure supports broader use of connectivity functions, while the issuance of GB 45672-2025, China's mandatory national standard for on-board accident emergency call systems, with implementation scheduled for 2027, is expected to accelerate demand for E-call-related solutions and expand the addressable market for compliant products.

In addition, the financial effects of industry conditions are not limited to revenue and gross profit, but also extend to working capital, cash flow and period-to-period volatility. As our sales are made directly to OEM customers under industry-customary credit arrangements, our cash conversion is affected by OEM production schedules, acceptance timing and settlement practices. As of December 31, 2023, 2024 and 2025 and May 31, 2026, our trade and bills receivables were RMB127.4 million, RMB153.6 million, RMB81.0 million and RMB36.7 million, respectively, while our inventories were RMB40.5 million, RMB71.2 million, RMB68.9 million and RMB105.7 million, respectively. Our net cash used in operating activities was RMB39.4 million in 2023, which turned to net cash generated from operating activities of RMB23.4 million in 2024 and RMB47.6 million in 2025. For the five months ended May 31, 2026, our net cash generated from operating activities was RMB88.5 million. This illustrates that, even where industry demand is improving and revenue is growing, the timing of collections, inventory build-up and customer acceptance can materially affect our operating cash flow. These effects may be further amplified by the seasonal pattern of the PRC automotive industry, as OEMs typically increase production and procurement in the second half of the year and around year-end sales campaigns and stocking periods, which may increase shipment volume and utilization in certain periods while delaying cash collection into subsequent periods.

Looking forward, we expect the generally positive long-term outlook of China's automotive intelligence and connectivity market to continue to support industry demand for our solutions. At the same time, because the PRC OEM market remains concentrated and our revenue has also been concentrated in a small number of major OEM customers, the transmission of industry fluctuations to our financial performance may be more pronounced. Accordingly, our future financial performance will continue to depend not only on the overall growth of China's automotive intelligence market, but also on the pace of OEM production and model launches, the commercialization trajectory of 5G and E-call products, competitive pricing conditions, supply chain stability, and the collection cycle and settlement discipline of OEM customers.

Company-Specific Factors

While general industry trends play a significant role, our results are primarily shaped by several company-specific factors that influence our competitiveness and ability to drive growth. Below, we outline the key company-specific factors that are central to our business performance.

Technology innovation and development

Technology innovation and development have played a pivotal role in driving our revenue growth and improving our financial performance. Over the past periods, we have consistently invested in research and development to strengthen our technological capabilities, particularly in areas like smart cockpit solutions, automotive connectivity, and autonomous driving technologies. This focus on research and development has translated into an expanded product portfolio, which in turn has led to multiple design wins and increased customer demand.

For the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, our research and development costs amounted to RMB30.2 million, RMB32.5 million, RMB31.3 million, RMB13.4 million and RMB14.9 million, representing 14.7%, 8.2%, 7.0%, 10.2% and 8.3% of our total revenue in each respective year/period. Our ability to integrate AUTOSAR frameworks and leverage modular development has enhanced our flexibility, enabling us to quickly adapt solutions to different OEM specifications. This technical capability has not only helped us secure more design wins but also allowed us to offer highly customized solutions at a competitive cost, ensuring that our products are both technologically advanced and cost-efficient.

In terms of profitability, the gross profit margin saw an improvement from 23.5% in 2023 to 27.4% in 2024. This was driven by better cost control, especially in production and procurement, as well as the increasing adoption of our 5G-enabled products and the export of vehicles with our E-call solutions, which commanded higher margins due to their advanced technology. The enhanced gross profit margin and steady increase in revenue directly contributed to the growth in profit from operations, which rose to RMB55.5 million in 2024, up from RMB3.0 million in 2023.

Customer acquisition and retention

Our ability to attract new customers and maintain strong relationships with existing ones is critical to our continued success. In the highly competitive automotive industry, where customer acquisition timelines can be long and complex, our approach focuses on addressing the specific challenges faced by OEMs that they cannot resolve on their own. This, combined with our ability to offer shorter delivery timelines, positions us as a trusted partner for OEMs looking for high-quality, reliable solutions that meet their unique needs. Unlike many competitors, who provide off-the-shelf solutions, we specialize in delivering customized solutions that are tailored to the individual requirements of each OEM. Our primary focus is on solving the problems that OEMs face during the development and integration of automotive systems, particularly in areas where standard products do not fit their needs. This approach has helped us develop a reputation for being a reliable and agile partner, especially in situations where speed and precision are essential.

Our customer-centric approach is designed to foster long-term partnerships. We prioritize delivering highly tailored solutions to our OEM partners, engaging with them through the entire product lifecycle, from initial concept to mass production. This collaborative, iterative process ensures that we stay aligned with the evolving needs of our OEM customers, enabling us to adapt quickly as their specifications and requirements change over time.

By working closely with OEMs throughout the entire development process and consistently meeting their specific needs, we not only attract new customers but also retain existing ones, resulting in repeat business and sustained growth. This strategy helps us continue to expand our market presence and maintain strong, ongoing relationships with key players in the industry.

Cost control and operational efficiency

Cost control is a critical factor influencing our profitability and ability to remain competitive in the automotive market. As we scale our operations to meet the growing demand for intelligent vehicle solutions, efficiently managing raw material costs, manufacturing processes, and operational workflows becomes increasingly important.

A significant aspect of our cost control strategy is optimizing our supply chain. We have established long-term relationships with key suppliers, which has enabled us to leverage economies of scale and reduce procurement costs. Moreover, strategic sourcing for critical components, such as automotive-grade chips, microcontrollers, and sensors, has helped reduce our reliance on single suppliers and mitigate the risk of price fluctuations. This approach allowed us to maintain competitive pricing while ensuring the availability of high-quality, reliable materials for production.

Our investment in MES further supports our cost control efforts. These systems enable us to minimize waste and defects, improving both efficiency and product quality. These efforts, combined with ongoing process improvements, ensured that we continued to deliver cost-effective solutions while maintaining high performance and reliability.

Looking ahead, we expect our ongoing focus on operational efficiency and cost control to continue driving profitability. The successful scaling of our operations, coupled with efficient supply chain management and production processes, positions us well to meet the growing demand for intelligent vehicle solutions without compromising on quality or increasing costs disproportionately. Furthermore, our commitment to maintaining flexibility in production, through outsourced manufacturing partnerships, ensures that we can adapt to peak demand periods and continue to meet the evolving needs of our OEM customers.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our historical financial information. Material accounting policies that are significant for understanding our financial condition and results of operations are set forth in detail in the Accountant's Report in Appendix I to this document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Actual results could differ from those estimates. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other factors that we believe to be relevant under the circumstances. Our management has discussed the development, selection and disclosure of these estimates with our Board of Directors. For further details, please refer to Notes 2 and 3 to the Accountants' Report included in Appendix I to this document.

SEASONALITY

Our financial performance is subject to seasonal patterns in the PRC automotive market, as we primarily supply our products and solutions to PRC OEM customers. Our production planning, deliveries and sales are generally aligned with our OEM customers' manufacturing schedules and procurement plans. For example, during the summer months (typically June to August), some OEMs and suppliers may implement high-temperature shutdowns or operate at reduced capacity, which may in turn lower vehicle production demand and related procurement.

In the second half of the year, PRC OEM customers often increase production and procurement to support sales campaigns, manage inventory levels and meet annual targets. Furthermore, vehicle purchases by consumers in Chinese Mainland tend to be influenced by major holiday and promotional periods such as the Chinese New Year, Labor Day and National Day, and PRC OEM customers may adjust production schedules and procurement accordingly. In particular, consumer demand is often stronger in the period leading up to the Chinese New Year, and PRC OEM customers may advance production and procurement in the preceding months. The fourth quarter may also reflect a combination of National Day promotions, preparation for Chinese New Year demand, and year-end settlement and stocking activities. As a result, we may generally experience higher shipment volumes and sales activity in the second half of the year, especially in the third and fourth quarters. The magnitude and timing of these seasonal effects may vary from year to year depending on, among other factors, OEM production plans, vehicle model launch cycles, inventory management, macroeconomic conditions and consumer demand trends.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below sets forth our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the years/periods indicated. For more details, please refer to the Accountants' Report included in Appendix I to this document.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	205,794	100.0	398,202	100.0	449,286	100.0	130,821	100.0	179,313	100.0
Cost of sales	(157,436)	(76.5)	(289,253)	(72.6)	(331,019)	(73.7)	(103,198)	(78.9)	(137,076)	(76.4)
Gross profit	48,358	23.5	108,949	27.4	118,267	26.3	27,623	21.1	42,237	23.6
Other income	3,416	1.7	10,545	2.6	5,684	1.3	1,956	1.5	223	0.1
Other net (losses)/gains	(116)	(0.1)	(141)	(0.0)	61	0.0	(98)	(0.1)	(121)	(0.1)
Selling and marketing expenses	(5,086)	(2.5)	(5,901)	(1.5)	(7,750)	(1.7)	(2,838)	(2.2)	(3,095)	(1.7)
Administrative expenses	(10,636)	(5.2)	(14,915)	(3.7)	(28,047)	(6.2)	(8,404)	(6.4)	(19,883)	(11.1)
Research and development costs	(30,185)	(14.7)	(32,475)	(8.2)	(31,284)	(7.0)	(13,378)	(10.2)	(14,861)	(8.3)
(Expected credit losses)/Reversal of credit losses on trade receivables and contract assets	(2,749)	(1.3)	(10,549)	(2.6)	142	0.0	161	0.1	(119)	(0.1)
Profit from operations	3,002	1.4	55,513	14.0	57,073	12.7	5,022	3.8	4,381	2.4
Finance costs	(1,428)	(0.7)	(2,393)	(0.6)	(1,766)	(0.4)	(1,024)	(0.8)	(791)	(0.4)
Changes in the carrying amount of redemption liabilities	(4,549)	(2.2)	(9,339)	(2.4)	(10,550)	(2.3)	(5,941)	(4.5)	(88)	(0.0)
(Loss)/Profit before taxation	(2,975)	(1.5)	43,781	11.0	44,757	10.0	(1,943)	(1.5)	3,502	2.0
Income tax credit/(expense)	13,910	6.8	(3,636)	(0.9)	(5,183)	(1.2)	1,309	1.0	882	0.5
Profit/(Loss) and total comprehensive income for the year/period	**10,935**	**5.3**	**40,145**	**10.1**	**39,574**	**8.8**	**(634)**	**(0.5)**	**4,384**	**2.4**

NON-IFRS MEASURE

To supplement our consolidated financial information that are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We believe that these measures provide useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

Adjusted Net Profit (Non-IFRS Measure)

We define adjusted net profit (non-IFRS measure) as profit and total comprehensive income for the year/period adjusted by adding back: (i) changes in the carrying amount of redemption liabilities, representing the carrying amounts changes of the redemption rights granted by us, which is non-cash in nature and will be reclassified to equity after the termination of the investors' redemption rights, (ii) equity-settled share-based payment expenses, which was non-cash in nature and represented the employee benefit expenses incurred in connection with our award to management and key employees, and (iii) **[REDACTED]** expenses, which represented expenses in relation to the **[REDACTED]**.

The following table sets out a reconciliation from profit and total comprehensive income for the year/period to adjusted net profit (non-IFRS measure) for the years/periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Reconciliation of profit and total comprehensive income for the year/period to adjusted net profit (non-IFRS measure)					
Profit/(loss) and total comprehensive income for the year/period	10,935	40,145	39,574	(634)	4,384
Added:					
Changes in the carrying amount of redemption liabilities	4,549	9,339	10,550	5,941	88
Equity-settled share-based payment expenses	380	1,017	1,638	680	951
[REDACTED] expenses	–	–	6,046	142	7,718
Adjusted net profit (non-IFRS measure)	**15,864**	**50,501**	**57,808**	**6,129**	**13,141**

Revenue

For the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, our revenue was RMB205.8 million, RMB398.2 million, RMB449.3 million, RMB130.8 million and RMB179.3 million, respectively.

Revenue by product lines

During the Track Record Period, our revenue was primarily derived from (i) in-vehicle communication solutions, (ii) emergency call solutions and design service, (iii) sensing and domain control solutions, (iv) others, primarily consist of revenue generated from our sales of materials, and (v) technical service.

Technical services represent service fee income generated during the pre-commercial development stage of our business workflow. It primarily comprises service fees charged to OEM customers for research and development, customization, integration, testing, validation and related engineering support services, and is recognized as revenue upon completion and acceptance of the agreed deliverables in accordance with the relevant contractual arrangements. Such technical services are a necessary and recurring part of our ordinary and usual course of business, as OEM customers generally require model-specific development and validation work before commercialization can occur. After the relevant vehicle program enters commercialization, or the mass production stage, our solutions are delivered in product form, and revenue is recognized primarily as sales of goods based on actual deliveries and transfer of control. Please refer to "Business — Business Model – Business Workflow" for a description of our overall business process.

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

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
In-vehicle Communication Solutions	189,453	92.1	332,466	83.5	287,731	64.1	98,220	75.1	77,261	43.1
– 4G In-vehicle Communication Solutions	189,453	92.1	332,415	83.5	239,776	53.4	97,848	74.8	73,230	40.9
– 5G In-vehicle Communication Solutions	–	–	51	0.0	47,955	10.7	372	0.3	4,031	2.2
Emergency Call Solutions	1,887	0.9	28,635	7.2	102,082	22.7	15,532	11.9	78,763	43.9
Sensing and Domain Control Solutions	12,436	6.0	20,706	5.2	42,714	9.5	12,308	9.4	13,351	7.4
Others[(1)]	935	0.5	2,694	0.7	3,161	0.7	2,001	1.5	3,541	2.0
Technical Services	1,083	0.5	13,701	3.4	13,598	3.0	2,760	2.1	6,397	3.6
Total	**205,794**	**100.0**	**398,202**	**100.0**	**449,286**	**100.0**	**130,821**	**100.0**	**179,313**	**100.0**

Note:

(1) Others mainly includes sales of raw material inventory.

In-vehicle communication solutions have been the dominant revenue contributor throughout the Track Record Period. Revenue from our in-vehicle communication solutions showed a significant increase from RMB189.5 million in 2023 to RMB332.5 million in 2024, reflecting a growth of 75.5%. This increase was primarily attributable to the completion of the ramp up period associated with vehicle programs that progressed from the pre-commercial development stage into the commercialization stage, such that our in-vehicle communication solutions developed and validated earlier entered mass production and achieved stable delivery volumes. In 2025, revenue from our in-vehicle communication solutions decreased primarily because revenue from our 4G in-vehicle communication solutions declined after the substantial ramp-up in 2024, mainly due to changes in OEM customers' production schedules and vehicle-model mix. This was partly offset by the increasing commercialization and revenue contribution of our 5G in-vehicle communication solutions. Similarly, revenue from our in-vehicle communication solutions decreased by RMB21.0 million, or 21.3%, from RMB98.2 million for the five months ended May 31, 2025 to RMB77.3 million for the same period in 2026, mainly due to the decrease in revenue from our 4G in-vehicle communication solutions, which was mainly due to changes in OEM customers' production schedules and vehicle-model mix. This was partially offset by the increase in revenue from our 5G in-vehicle communication solutions, which was in line with our continued commercialization of this category.

E-call solutions, particularly for export vehicles, have shown significant growth as these solutions are becoming mandatory in multiple regions due to regulatory standards. The shift toward export vehicle solutions, which have higher margins, has driven this growth. E-call solutions have become a critical component in the OEM strategy, with more manufacturers opting for our advanced solutions to meet these regulatory demands. The revenue from our E-call solutions saw a remarkable surge from RMB1.9 million in 2023 to RMB28.6 million in 2024, representing an increase of 1,417.5%, primarily due to the increasing adoption of these systems to comply with new global safety regulations. Revenue from our E-call solutions continued to increase significantly in 2025, primarily due to the continued commercialization and ramp-up of E-call solutions on a growing number of vehicle programs, particularly export-oriented vehicle models of our PRC OEM customers. In line with this trend, for the five months ended May 31, 2026, the revenue from our E-call solutions increased significantly to RMB78.8 million, representing a 407.1% increase compared to RMB15.5 million for the same period in 2025. Although the relevant revenue is recognized as domestic revenue because our contractual customers are PRC OEMs, demand for these solutions is driven by the regulatory and compliance requirements of the destination markets.

Revenue from our sensing and domain control solutions experienced growth during the Track Record Period, primarily due to the continued commercialization and volume ramp-up of additional vehicle programs. Compared with our in-vehicle communication solutions and E-call solutions, this solution category remained at a relatively earlier stage of commercialization during the Track Record Period and had not yet reached the same level of scale or stability. Therefore, its revenue was more susceptible to fluctuations in product mix and program timing.

Revenue from our technical services increased from RMB1.1 million in 2023 to RMB13.7 million in 2024. This increase was primarily attributable to the expansion of OEM vehicle programs in the pre-commercial development stage during 2024, especially export-oriented vehicle programs, which required more customized development, integration, testing and certification work. It also reflected a greater amount of technical service work being separately charged during the year, as compared with 2023, when the relevant development work was generally at an earlier stage and/or smaller in scope as standalone technical service fees. As such, the increase was consistent with the expansion of our OEM program pipeline and the ordinary progression of our business workflow, rather than being incidental or non-recurring in nature. Revenue from our technical services remained broadly stable in 2025. This primarily reflected the continued demand for pre-commercial development-stage services, while the amount separately charged as technical service fees may vary from year to year depending on the specific vehicle programs, their development stage and the relevant commercial arrangements with OEM customers. Accordingly, the slight movement in 2025 mainly reflected differences in program mix and billing arrangements rather than a material change in the underlying level of development-stage activity. The continued recognition of technical service revenue in 2025, at RMB13.6 million, also supports our view that such revenue is not incidental or one-off in nature, but instead reflects recurring pre-commercial development-stage activity carried out in the ordinary and usual course of our business, although the amount separately charged may fluctuate depending on the specific vehicle programs and commercial arrangements in a given year. Revenue from our technical services increased by RMB3.6 million, or 131.7%, from RMB2.8 million for the five months ended May 31, 2025 to RMB6.4 million for the same period in 2026, reflecting the continued expansion of our client base as well as the number of projects.

Cost of Sales

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	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Direct raw materials used	142,466	90.5	251,708	87.0	290,710	87.9	89,273	86.5	119,864	87.4
Direct staff costs	2,296	1.5	14,997	5.2	15,312	4.6	5,037	4.9	7,209	5.3
Depreciation and amortization	2,896	1.8	4,890	1.7	6,022	1.8	2,457	2.4	2,853	2.1
Other manufacturing overhead	172	0.1	5,213	1.8	4,638	1.4	1,225	1.2	2,054	1.5
Outsourced processing fees	6,902	4.4	6,078	2.1	8,387	2.5	3,010	2.9	2,081	1.5
Others	2,704	1.7	6,367	2.2	5,950	1.8	2,196	2.1	3,015	2.2
Total	**157,436**	**100.0**	**289,253**	**100.0**	**331,019**	**100.0**	**103,198**	**100.0**	**137,076**	**100.0**

The direct raw materials used represent the largest portion of our cost of sales, comprising 90.5% of the total cost of sales in 2023, 87.0% in 2024, 87.9% in 2025, 86.5% for the five months ended May 31, 2025 and 87.4% for the five months ended May 31, 2026. Direct raw materials comprise of hundreds of different types of materials involved in the production process. Given the large number of components involved and the high degree of customization across different OEM customers, vehicle models and product generations, we present our direct raw materials at a higher level by major categories. For a further breakdown of our direct raw materials by major categories, please refer to "Business – Our Suppliers – Procurement of Raw Materials and Components." Among these, the highest proportion is made up of communication modules, which are primarily centered around communication chips. According to the F&S Report, the prices for communication modules, a key component, showed a steady decline during the performance period, in line with the overall trend for communication module prices within the industry. In absolute terms, the cost for direct raw materials used increased from RMB142.5 million in 2023 to RMB251.7 million in 2024, reflecting a growth of 76.7%. This increase was primarily driven by the growth in our business, particularly the rise in production volumes and the corresponding increase in the use of raw materials to meet the growing demands of our OEM customers. For the year ended December 31, 2025, direct raw materials used increased again to RMB290.7 million, marking a 15.5% increase compared to the same period in 2024. This further rise reflects the continued demand for higher-quality materials and components, particularly as production volumes increased in line with customer requirements. The cost of direct raw materials increased by 34.3% from RMB89.3 million for the five months ended May 31, 2025 to RMB119.9 million for the same period in 2026, primarily as a result of the increase in shipment volume as well as the increased price of modules during this period.

The direct staff costs, comprising of labor costs for product design, assembly, and quality control during the manufacturing process. The primary reason for the increase was the further expansion of the workforce to meet the growing needs of production as our business scaled up.

Gross Profit

For the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, we recorded gross profits of RMB48.4 million, RMB108.9 million, RMB118.3 million, RMB27.6 million and RMB42.2 million, respectively. Our gross profit margins for the same years/periods were 23.5%, 27.4%, 26.3%, 21.1% and 23.6%, respectively.

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

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
In-vehicle Communication Solutions	43,699	23.1	85,146	25.6	64,226	22.3	22,172	22.6	9,764	12.6
Emergency Call Solutions	485	25.7	8,662	30.2	38,814	38.0	3,211	20.7	23,595	30.0
Sensing and Domain Control Solutions	3,123	25.1	4,064	19.6	2,548	6.0	(554)	(4.5)	1,942	14.5
Others	220	23.5	851	31.6	1,593	50.4	634	31.7	2,449	69.2
Technical Services	831	76.7	10,226	74.6	11,086	81.5	2,160	78.3	4,487	70.1
	48,358	**23.5**	**108,949**	**27.4**	**118,267**	**26.3**	**27,623**	**21.1**	**42,237**	**23.6**

For our in-vehicle communication solutions, the movements in gross profit and gross profit margin were broadly consistent with the revenue trend for this solution. Gross profit for our in-vehicle communication solutions increased from RMB43.7 million in 2023 to RMB85.1 million in 2024, and gross profit margin for our in-vehicle communication solutions improved from 23.1% to 25.6%, mainly reflecting a higher proportion of projects moving past the initial ramp-up phase and progressing into the stage (iii) mass production phase, where solutions developed and validated in earlier stages were scaled up for volume production with more stable delivery run-rates. For 2025, the decrease in gross profit of our in-vehicle communication solutions was broadly consistent with the revenue trend for this solution category. The decrease in gross profit margin primarily reflected the combined effect of lower scale contribution from our more mature 4G programs and the increasing contribution from our 5G in-vehicle communication solutions, which, being at a relatively earlier stage of commercialization and involving more complex hardware and technology, had not yet achieved the same level of cost efficiency and scale benefits as our 4G solutions. For the five months ended 31 May, 2026, we saw a decrease in our in-vehicle communication solutions gross profit to RMB9.8 million, with a gross profit margin of 12.6%, compared to gross profit of RMB22.2 million and gross profit margin of 22.6% for the same period in 2025. The decrease was broadly consistent with the revenue trend for this solution category, and was driven by the same underlying factors as those observed in 2025.

The movements in gross profit of our E-call solutions were broadly consistent with the revenue trend of this solution category. The further improvement in gross profit margin in 2025 as well as for the five months ended May 31, 2026, despite the decrease in ASP for the respective periods, primarily reflected stronger economies of scale and improved cost absorption as more E-call programs entered broader mass production and this solution category continued to mature.

Gross profit and gross profit margin of our sensing and domain control solutions did not move in line with the revenue trend. Although revenue from this solution category increased during the Track Record Period, gross profit margin decreased in 2024 and further decreased in 2025. This was primarily because this solution category remained at a relatively earlier stage of commercialization and had not yet reached stable scale, such that its profitability was more susceptible to fluctuations in product mix, program timing and customer pricing. The lower gross profit margin in 2025 primarily reflected the expansion of deliveries under a broader mix of programs and products at a relatively lower margin, together with continued ramp-up pressure in this solution category. For the five months ended May 31, 2025, cost of sales overweighted revenue for our sensing and domain control solutions for the same reasons, while for the same period in 2026, both gross profit and gross profit margin picked up significantly as a result of the successful commercialization of certain programs and products.

Although we continued to make strategic investment in new product development in this solution category, such investment was principally driven by specific OEM customer requirements and vehicle-program development, and the related inventory was managed in line with OEM customers' program schedules and production plans. In addition, we maintain inventory management procedures designed to maintain optimal inventory levels and avoid obsolescence. Our inventories decreased from RMB71.2 million as of December 31, 2024 to RMB68.9 million as of December 31, 2025, despite the continued commercialization of this solution category, which did not indicate that our strategic investment in new product development had, during the Track Record Period, resulted in material inventory obsolescence.

The movements in gross profit of our technical services were broadly consistent with the revenue trend. Gross profit margin remained at a high level throughout the Track Record Period because technical services primarily comprise development-stage engineering and validation services and are less material-intensive than product sales. The increase in gross profit margin in 2025 primarily reflected project mix.

Other Income

Our other income comprises (i) government grants, (ii) interest income, and (iii) others. The following table sets forth a breakdown of our other income by nature for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Government grants	2,983	87.3	10,365	98.3	5,414	95.2	1,707	87.3	98	43.9
Interest income	297	8.7	59	0.6	215	3.8	206	10.5	4	1.8
Others	136	4.0	121	1.1	55	1.0	43	2.2	121	54.3
Total	**3,416**	**100.0**	**10,545**	**100.0**	**5,684**	**100.0**	**1,956**	**100.0**	**223**	**100.0**

Other net (losses) / gains

Our other net (losses) / gains primarily comprise (i) net realized and unrealized (losses) / gains on financial assets measured at FVPL and (ii) losses on disposal of property, plant and equipment.

The following table sets forth a breakdown of our other net (losses) / gains by nature for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Net realized and unrealized (losses) / gains on financial assets measured at FVPL	(115)	99.1	(66)	46.8	138	226.2	(37)	37.8	(95)	78.5
Losses on disposal of property, plant and equipment	(1)	0.9	(75)	53.2	(77)	(126.2)	(61)	62.2	(26)	21.5
Total	**(116)**	**100.0**	**(141)**	**100.0**	**61**	**100.0**	**(98)**	**100.0**	**(121)**	**100.0**

Our net realized and unrealized losses on financial assets measured at FVPL decreased from RMB115 thousand in 2023 to RMB66 thousand in 2024. For the year ended December 31, 2024, we recorded net realized and unrealized losses of RMB141 thousand, while for the year ended December 31, 2025, we recorded net realized and unrealized gains of RMB61 thousand. For the five months ended May 31, 2025 and 2026, we recorded net realized and unrealized losses of RMB37 thousand and RMB95 thousand, respectively. These fluctuations are primarily due to changes in the fair value of shares in a publicly listed company held by us. We passively hold these shares as a result of a debt restructuring agreement, where the shares were used to settle debts.

Selling and Marketing Expenses

The table below sets forth a breakdown of our selling and marketing expenses by nature for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs	3,632	71.4	3,731	63.2	4,443	57.4	1,712	60.3	2,305	74.5
Travel and entertainment expenses	555	10.9	1,069	18.1	1,460	18.8	604	21.3	206	6.7
Business development expenses	737	14.5	516	8.7	411	5.3	94	3.3	51	1.6
Depreciation and amortization	75	1.5	87	1.5	175	2.3	49	1.7	65	2.1
Equity-settled share-based payments expenses	47	0.9	211	3.6	538	6.9	224	7.9	238	7.7
Others	40	0.8	287	4.9	723	9.3	155	5.5	230	7.4
Total	**5,086**	**100.0**	**5,901**	**100.0**	**7,750**	**100.0**	**2,838**	**100.0**	**3,095**	**100.0**

- **Staff costs**: Staff costs represent salaries, bonuses, social insurance and other employee benefits for our sales, marketing, and customer service teams. This category also includes compensation for personnel involved in product promotion, customer support, and maintaining relationships with OEM clients.

- **Travel and entertainment expenses**: Travel and entertainment expenses cover the costs associated with business trips, including flights, accommodations, meals and transportation.

- **Business development expenses**: Business development expenses primarily include costs for marketing campaigns, customer engagement initiatives, trade shows, and promotional events. These expenses also encompass the costs of expanding our business and identifying new customers, as well as maintaining existing client relationships.

- **Depreciation and amortization**: This category includes the depreciation of fixed assets such as office equipment, furniture, and fixtures used by the sales and marketing teams, as well as amortization expenses for intangible assets such as marketing software and CRM systems.

- **Equity-settled share-based payments expenses**: Equity-settled share-based payments expenses relate to the shares granted to employees as part of their incentive packages. These expenses are spread over the vesting period of the employee incentive schemes.

- **Others**: "Others" include office expenses, telecommunications costs, consulting service fees, and other miscellaneous costs incurred in the process of executing marketing strategies and maintaining customer relationships.

Administrative Expenses

The table below sets forth a 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	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs	7,441	70.0	11,117	74.5	15,889	56.6	6,328	75.3	9,072	45.6
Depreciation and amortization	806	7.6	861	5.8	948	3.4	382	4.6	1,066	5.4
Office, travel and entertainment expenses	542	5.1	1,074	7.2	1,478	5.3	425	5.1	445	2.2
Equity-settled share-based payments expenses	259	2.4	322	2.2	540	1.9	187	2.2	309	1.6
Professional fee	497	4.7	439	2.9	6,596	23.5	373	4.4	7,844	39.5
Others	1,091	10.2	1,102	7.4	2,596	9.3	709	8.4	1,147	5.8
Total	**10,636**	**100.0**	**14,915**	**100.0**	**28,047**	**100.0**	**8,404**	**100.0**	**19,883**	**100.0**

- **Staff costs**: Staff costs here include salaries, bonuses, social insurance and other employee benefits for administrative and management personnel, as well as those involved in office operations and legal, finance, and human resources functions.

- **Depreciation and amortization**: This category includes depreciation expenses for office equipment and furniture used by administrative staff, as well as amortization expenses for intangible assets related to administrative functions.

- **Office, travel, and entertainment expenses**: Office, travel, and entertainment expenses include costs for maintaining office spaces, travel expenses for business meetings, and costs for hosting and attending industry events. This category also covers general office expenses such as utilities, supplies, and other overhead costs.

- **Equity-settled share-based payments expenses**: These expenses are related to the shares granted to employees in the administrative team, as part of their incentives, which are spread over the vesting period.

- **Professional fees**: Professional fees include the costs of engaging third-party services, such as legal, consulting, auditing, and other advisory services needed to support our administrative and operational activities.

- **Others**: "Others" include a range of miscellaneous expenses such as recruitment costs, software licensing, and telecom expenses for administrative operations.

Research and development costs

The table below sets forth a breakdown of our Research and development costs by nature for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff costs	21,365	70.9	23,531	72.4	25,857	82.7	10,894	81.4	11,546	77.7
Testing expenses	3,728	12.3	3,526	10.8	716	2.3	716	5.4	1,132	7.6
Depreciation and amortization	2,749	9.1	2,628	8.1	2,452	7.8	913	6.8	847	5.7
Travel and entertainment expenses	1,314	4.4	1,157	3.6	600	1.9	185	1.4	102	0.7
Material expenses	558	1.8	735	2.3	539	1.7	303	2.3	470	3.2
Equity-settled share-based payments expenses	74	0.2	484	1.5	524	1.7	268	2.0	405	2.7
Others	397	1.3	414	1.3	596	1.9	99	0.7	359	2.4
Total	**30,185**	**100.0**	**32,475**	**100.0**	**31,284**	**100.0**	**13,378**	**100.0**	**14,861**	**100.0**

- **Staff costs**: Staff costs for research and development include salaries, bonuses, social insurance and other employee benefits for the research and development personnel involved in software development, product design, engineering, and testing activities.

- **Testing expenses:** Testing expenses primarily represent costs incurred for product validation, compliance and OEM qualification. They mainly comprise: (i) fees paid to independent third-party laboratories and certification bodies for compliance and performance verification tests conducted under customer- or regulation-specified conditions (including environmental and reliability tests under stress scenarios such as high/low temperature, vibration and EMC); (ii) certification, registration and OEM qualification fees required as part of OEM supplier admission and product approval processes; (iii) costs incurred during iterative test-and-debug cycles, where our engineers may be stationed on-site to perform calibration and troubleshooting, or we engage third-party testing providers to conduct testing and support debugging, rectification and re-testing; and (iv) payments to external contractors for routine, well-defined and relatively low-complexity development and engineering-support tasks that are more cost-effective to outsource than to perform in-house.

- **Depreciation and amortization**: Depreciation and amortization include expenses related to the depreciation of equipment and assets used in research and development activities, as well as amortization of intangible assets related to research and development projects.

- **Travel and entertainment expenses**: Travel and entertainment expenses for research and development include costs for travel, meals, and accommodations for research and development personnel attending conferences, meeting partners, or traveling to conduct fieldwork or testing as part of research and development activities.

- **Material expenses**: Material expenses include the cost of raw materials, components, and testing supplies used in the research and development process, including prototype materials, laboratory consumables, and other materials needed for product development and testing.

- **Equity-settled share-based payments expenses**: These are expenses related to the shares granted to employees working in research and development, which are spread over the vesting period.

- **Others**: "Others" includes a variety of miscellaneous expenses related to research and development activities, such as consulting fees and software tools specifically allocated to research and development projects.

(Expected credit losses)/Reversal of credit losses on trade receivables and contract assets

Our expected credit losses on trade receivables and contract assets primarily represent the provision for loss allowances and potential impairments related to amounts due from customers under contracts. These provisions are estimated based on historical experience, current credit conditions, and forward-looking information about the customers' ability to settle outstanding balances. The amount of expected credit losses is calculated by applying individual assessment and provision matrix method to the outstanding trade receivables and contract assets.

For the year ended December 31, 2023, our expected credit losses on trade receivables and contract assets amounted to RMB2.7 million. In 2024, the expected credit losses on trade receivables and contract assets increased to RMB10.5 million, reflecting an increase in the risk of credit defaults, which was primarily driven by a higher volume of receivables and a challenging operating environment for a certain customer. For the year ended December 31, 2025, we recorded reversal of credit losses on trade receivables and contract assets of RMB0.1 million, primarily due to continued enhancement of our customer credit risk management and receivable collection processes, including the shortening of credit terms for certain customers from 120 days post-purchase order placement to 30 days post-invoice starting in mid-2025. For the five months ended May 31, 2026, we recorded expected credit losses on trade receivables and contract assets of RMB0.1 million, compared with reversal of credit losses on trade receivables and contract assets of RMB0.2 million for the same period in 2025.

Finance costs

Our finance costs comprise (i) interest on bank loans; and (ii) interest on lease liabilities. The following table below sets forth a breakdown of our finance costs by nature for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Interest on bank loans	1,091	76.4	2,111	88.2	1,558	88.2	934	91.2	724	91.5
Interest on lease liabilities	337	23.6	282	11.8	208	11.8	90	8.8	67	8.5
Total	**1,428**	**100.0**	**2,393**	**100.0**	**1,766**	**100.0**	**1,024**	**100.0**	**791**	**100.0**

Changes in the carrying amount of redemption liabilities

Changes in the carrying amount of redemption liabilities mainly represent the period-to-period movements in the financial liabilities arising from the redemption rights granted to certain early-stage **[REDACTED]** investors. These redemption liabilities are initially recognized at the present value of the redemption amount and subsequently measured at amortized cost. Any changes in the carrying amount of these financial liabilities are recognized in profit or loss. For the year ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, our changes in the carrying amount of redemption liabilities were RMB4.5 million, RMB9.3 million, RMB10.6 million, RMB5.9 million and RMB0.1 million, respectively. These amounts primarily reflected changes on the highest amount expected to be paid to the investors upon redemption in accordance with IFRS Accounting Standards.

The redemption liabilities relate to the special rights granted to certain **[REDACTED]** investors, under which the investors may require us to redeem their investments upon the occurrence of specified events that are not entirely within our control, and such arrangements give rise to financial liabilities until the redemption obligation is discharged, cancelled or expires. Upon the termination of such special rights granted by us including the associated redemption obligations, these redemption liabilities will be reclassified from liabilities to equity. For further details of the relevant **[REDACTED]** investment arrangements, please refer to "History, Development and Corporate Structure – **[REDACTED]** Investments" in this document.

Income Tax Credit/(Expense)

We are subject to income tax on an individual legal entity basis, based on the profits generated within the tax jurisdictions in which we and our subsidiaries are domiciled or operate. For the year ended December 31, 2023, our income tax credit was RMB13.9 million. For the year ended December 31, 2024, the income tax expense was RMB3.6 million, and for the year ended December 31, 2025, our income tax expenses were RMB5.2 million, respectively. For the five months ended May 31, 2025 and 2026, the income tax credit was RMB1.3 million and RMB0.9 million, respectively.

We benefit from preferential income tax rates under the High-tech Enterprise ("**HNTE**") policy. Specifically, our Company entitled to a preferential tax rate of 15% during the Track Record Period, in line with our qualification as a high-tech enterprise, which was renewed in 2021 and 2024. Furthermore, some of our subsidiaries are also entitled to the preferential tax rate during the Track Record Period. For details, please refer to Note 7 to the Accountants' Report included in Appendix I to this document.

Furthermore, during the Track Record Period, we benefited from tax incentives related to research and development investments, which allowed us to apply an enhanced deduction rate for Research and development costs. As per the PRC tax policy, from January 1, 2023, enterprises eligible for the 100% research and development deduction rate for expenses incurred from October 1, 2022, are entitled to tax relief for such activities. These favourable tax rates have helped to reduce our overall tax burden, with a notable impact on our financial results during the Track Record Period.

For our Hong Kong subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for the Hong Kong subsidiary was calculated at the same basis during the Track Record Period.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended May 31, 2026 Compared to Five Months Ended May 31, 2025

Revenue and gross profit

For the five months ended May 31, 2026, our revenue was RMB179.3 million, reflecting a 37.1% increase compared to RMB130.8 million for the five months ended May 31, 2025. The increase was primarily attributable to the strong growth in our E-call solutions and the expansion of our sensing and domain control solutions, partially offset by the decrease in revenue from our in-vehicle communication solutions. For details, please refer to "– Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Revenue" above.

Our gross profit for the five months ended May 31, 2026, was RMB42.2 million, representing a 52.9% increase compared to RMB27.6 million for the five months ended May 31, 2025, reflecting the strong profitability of our E-call solutions and successful commercialization of our sensing and domain control solutions. Our gross profit margin slightly increased from 21.1% for the five months ended May 31, 2025 to 23.6% for the five months ended May 31, 2026. For details, please refer to "– Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Gross Profit" above.

Cost of sales

For the five months ended May 31, 2026, our cost of sales increased by approximately 32.8%, from RMB103.2 million for the five months ended May 31, 2025 to RMB137.1 million. The increase was primarily driven by our increased procurement which was in line with our revenue growth.

Other income

For the five months ended May 31, 2026, other income decreased by approximately 88.6% from RMB2.0 million for the five months ended May 31, 2025 to RMB0.2 million. This decrease was primarily driven by the decrease in our our government grants from RMB1.7 million for the five months ended May 31, 2025 to RMB98 thousand for the same period in 2026, as the RMB800 thousand high-level talent subsidy awarded by the Hangzhou government for the five months ended May 31, 2025 was one-off and non-recurring.

Other net (losses)/gains

For the five months ended May 31, 2026, we recorded other net losses of RMB121 thousand, while we recorded other net losses of RMB98 thousand for the five months ended May 31, 2025, mainly reflecting changes in the fair value of shares in a publicly listed company held by us.

Selling and marketing expenses

For the five months ended May 31, 2026, selling and marketing expenses amounted to RMB3.1 million, a 9.1% increase compared to RMB2.8 million for the same period in 2025. The increase was primarily due to the increase in staff costs driven by our enhanced sales efforts to develop new clients, for which we hired more sales personnels.

Administrative expenses

For the five months ended May 31, 2026, administrative expenses amounted to RMB19.9 million, an increase of 136.6% compared to RMB8.4 million for the five months ended May 31, 2025. The increase was driven by a rise in professional fees primarily attributable to payments of **[REDACTED]** expenses.

Research and development expense

For the five months ended May 31, 2026, research and development costs were RMB14.9 million, an 11.1% increase compared to RMB13.4 million for the five months ended May 31, 2025. This increase was mainly because we hired more research and development personnels in support of our product development.

(Expected credit losses)/Reversal of credit losses on trade receivables and contract assets

For the five months ended May 31, 2026, we recorded expected credit losses on trade receivables and contract assets of RMB0.1 million, compared with reversal of expected credit losses on trade receivables and contract assets of RMB0.2 million for the five months ended May 31, 2025.

Finance costs

For the five months ended May 31, 2026, finance costs were RMB0.8 million, representing a decrease of 22.8% compared to RMB1.0 million for the five months ended May 31, 2025. The decrease was primarily driven by a decrease in interest on bank loans.

Changes in the carrying amount of redemption liabilities

For the five months ended May 31, 2026, changes in the carrying amount of redemption liabilities decreased by approximately 98.5% from RMB5.9 million for the five months ended May 31, 2025 to RMB0.1 million.

Income tax credit

Income tax credit decreased by approximately 32.6% from RMB1.3 million for the five months ended May 31, 2025 to RMB0.9 million for the five months ended May 31, 2026.

Profit/(Loss) and total comprehensive income for the period

As a result of the foregoing, we recorded a profit and total comprehensive income of RMB4.4 million for the five months ended May 31, 2026, reversing a loss of RMB0.6 million for same period in 2025.

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

Revenue and gross profit

For the year ended December 31, 2025, our revenue was RMB449.3 million, reflecting a 12.8% increase compared to RMB398.2 million in 2024. The increase in 2025 was driven by a more diversified revenue mix, as the continued strong growth of our E-call solutions and the expansion of our sensing and domain control solutions more than offset the decrease in revenue from our in-vehicle communication solutions. For details, please refer to "– Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Revenue" above.

Our gross profit for the year ended December 31, 2025, was RMB118.3 million, a 8.6% increase compared to RMB108.9 million in 2024. Our gross profit margin decreased slightly from 27.4% in 2024 to 26.3% in 2025. The slight decrease in our overall gross profit margin in 2025 primarily reflected the lower gross profit margins of our in-vehicle communication solutions and sensing and domain control solutions, which partly offset the stronger profitability of our E-call solutions and technical services. For details, please refer to "– Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Gross Profit" above.

Cost of sales

For the year ended December 31, 2025, our cost of sales increased by approximately 14.4%, from RMB289.3 million in 2024 to RMB331.0 million. The increase was primarily driven by higher procurement costs for raw materials and increased production volumes.

Other income

For the year ended December 31, 2025, other income decreased by approximately 45.7% from RMB10.5 million in 2024 to RMB5.7 million. This decrease was primarily driven by a reduction in government grants.

Other net (losses) / gains

For the year ended December 31, 2025, we recorded other net gains of RMB61 thousand, compared to other net losses of RMB141 thousand in 2024. This positive swing was primarily attributable to fair value gains on our financial assets, in particular equity securities held by us, reflecting an increase in their market prices during the period.

Selling and marketing expenses

For the year ended December 31, 2025, selling and marketing expenses amounted to RMB7.8 million, a 31.3% increase compared to RMB5.9 million for the same period in 2024. The increase was primarily due to higher customer acquisition and business development expenses incurred in connection with our efforts to expand customer coverage and develop new business opportunities.

Administrative expenses

For the year ended December 31, 2025, administrative expenses amounted to RMB28.0 million, an increase of 87.9% compared to RMB14.9 million in 2024. The increase was driven by increased professional fees during our **[REDACTED]** application process and higher personnel costs related to additional headcount.

Research and development costs

For the year ended December 31, 2025, Research and development costs were RMB31.3 million, a 3.7% decrease compared to RMB32.5 million in 2024. This decrease was mainly due to the upgrade of our in-house laboratory equipment, which improved testing efficiency, reduced experimental costs and lowered testing expenses.

(Expected credit losses)/Reversal of credit losses on trade receivables and contract assets

For the year ended December 31, 2025, we recorded reversal credit losses on trade receivables and contract assets of RMB0.1 million, compared to the expected credit losses on trade receivables and contract assets of RMB10.5 million in 2024. This positive swing was primarily attributable to the enhancement of our receivable collection processes and credit risk management.

Finance costs

For the year ended December 31, 2025, finance costs were RMB1.8 million, a decrease of 25.0% compared to RMB2.4 million in 2024. The decrease was primarily driven by reduced interest expenses on bank loans following repayment.

Changes in the carrying amount of redemption liabilities

For the year ended December 31, 2025, changes in the carrying amount of redemption liabilities increased by approximately 13.0%, from RMB9.3 million in 2024 to RMB10.6 million.

Income tax expense

Income tax expense increased by approximately 44.4% from RMB3.6 million for the year ended December 31, 2024 to RMB5.2 million in 2025.

Profit and total comprehensive income for the year

As a result of the foregoing, profit for the period for the year ended December 31, 2025, was RMB39.6 million, a 1.2% decrease compared to RMB40.1 million for the same period in 2024.

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

Revenue and gross profit

For the year ended December 31, 2024, our revenue was RMB398.2 million, reflecting a 93.5% increase compared to RMB205.8 million for the year ended December 31, 2023. This growth was largely driven by strong demand across our solutions. The expansion of our solution offerings, particularly in E-call and in-vehicle communication systems, also contributed significantly to the revenue increase. For details, please refer to "– Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Revenue" above.

For the year ended December 31, 2024, our gross profit was RMB108.9 million, a 125.3% increase compared to RMB48.4 million for the year ended December 31, 2023. Our gross profit margin increased from 23.5% in 2023 to 27.4% in 2024. The increase in gross profit was directly in line with the growth in revenue from in-vehicle communication solutions and E-call solutions, which accounted for the bulk of our revenue growth. The improvement in our gross profit margin was primarily attributable to a favourable shift in our product mix, in particular the higher contribution from our higher-margin E-call solutions. For details, please refer to "– Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Gross Profit" above.

Cost of sales

For the year ended December 31, 2024, our cost of sales increased by approximately 83.7%, from RMB157.4 million in 2023 to RMB289.3 million in 2024. The increase was primarily driven by higher procurement costs for raw materials and increased production scale as we ramped up manufacturing to meet growing customer demand.

Other income

For the year ended December 31, 2024, other income increased by approximately 208.7% from RMB3.4 million in 2023 to RMB10.5 million in 2024. This increase was primarily driven by a substantial increase in government grants due to technology innovation and contributions to regional economic development.

Other net losses

For the year ended December 31, 2024, other net losses increased by approximately 21.6% from RMB116 thousand in 2023 to RMB141 thousand in 2024. This increase was primarily attributable to higher losses on disposal of assets, which are non-recurring and incidental in nature. The increase in such disposal-related losses in 2024 was mainly a result of our expanded production scale, which led to more frequent replacement and disposal of certain equipment and tools. This increase was partially offset by a decrease in losses on financial assets measured at FVPL.

Selling and marketing expenses

For the year ended December 31, 2024, selling and marketing expenses increased by approximately 16.0% from RMB5.1 million in 2023 to RMB5.9 million in 2024. The increase was primarily driven by higher staff costs due to personnel expansion to support our growing business.

Administrative expenses

For the year ended December 31, 2024, administrative expenses increased by approximately 40.2% from RMB10.6 million in 2023 to RMB14.9 million in 2024. The increase was primarily driven by higher personnel costs, consulting fees, and business expansion.

Research and development costs

For the year ended December 31, 2024, research and development costs increased by approximately 7.6% from RMB30.2 million in 2023 to RMB32.5 million in 2024. The increase was primarily driven by continued investments in product development and technology advancements.

(Expected credit losses)/Reversal of credit losses on trade receivables and contract assets

For the year ended December 31, 2024, expected credit losses on trade receivables and contract assets increased by approximately 283.7% from RMB2.7 million in 2023 to RMB10.5 million in 2024. This increase was primarily driven by a specific impairment of trade receivables from a major customer facing financial difficulties.

Finance costs

For the year ended December 31, 2024, finance costs increased by approximately 67.6% from RMB1.4 million in 2023 to RMB2.4 million in 2024. The increase was primarily driven by higher interest expenses on new borrowings to support our business expansion.

Changes in the carrying amount of redemption liabilities

For the year ended December 31, 2024, changes in the carrying amount of redemption liabilities increased by approximately 105.3%, from RMB4.5 million in 2023 to RMB9.3 million in 2024.

Income tax credit/(expense)

For the year ended December 31, 2024, income tax expenses were RMB3.6 million, compared to income tax credit of RMB13.9 million in 2023. This change was primarily attributable to our transition from a loss before taxation in 2023 to a profit before taxation in 2024, which resulted in us recognizing income tax expense in 2024.

Profit and total comprehensive income for the year

As a result of the foregoing, profit for the year for the year ended December 31, 2024, was RMB40.1 million, a 267.1% increase compared to RMB10.9 million for the year ended December 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital Statement

Our Directors confirm that taking into account the financial resources presently available to our Group, including our internal resources, banking facilities and the estimated net **[REDACTED]** of the **[REDACTED]**, our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this document.

Cash Flows

The following table sets out a summary of our cash flows for the periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash (used in)/generated from operating activities	(39,421)	23,374	47,586	4,359	88,483
Net cash generated from /(used in) investing activities	5,279	(11,754)	(17,063)	(2,599)	(28,688)
Net cash generated from/(used in) financing activities	35,012	(10,191)	(22,554)	1,965	(14,094)
Net increase in cash and cash equivalents	870	1,429	7,969	3,725	45,701
Cash and cash equivalents at January 1	924	1,794	3,223	3,223	11,192
Cash and cash equivalents at December 31/May 31	**1,794**	**3,223**	**11,192**	**6,948**	**56,893**

Net cash (used in)/generated from operating activities

For the five months ended May 31, 2026, our net cash generated from operating activities amounted to RMB88.5 million. This cash inflow was primarily due to several positive adjustments, including: (i) a decrease in trade and other receivables of RMB57.7 million, reflecting the collection of outstanding balances; (ii) an increase in contract liabilities of RMB48.9 million; and (iii) an increase of trade and other payables of RMB14.7 million. This was partially offset by negative adjustments, including: (i) an increase in inventories of RMB36.3 million, reflecting higher stock levels due to increased production; (ii) an increase in restricted cash of RMB4.7 million.

For the year ended December 31, 2025, our net cash generated from operating activities amounted to RMB47.6 million. This cash inflow was primarily due to several positive adjustments, including: (i) a decrease in trade and other receivables of RMB30.1 million, reflecting the collection of outstanding balances; (ii) a decrease in restricted cash of RMB26.4 million; and (iii) a decrease in contract assets of RMB8.7 million. This was partially offset by negative adjustments of a decrease in trade and other payables of RMB90.3 million.

For the year ended December 31, 2024, our net cash generated from operating activities amounted to RMB23.4 million. This cash inflow was primarily due to several positive adjustments, including: (i) an increase in trade and other payables of RMB78.7 million; (ii) expected credit losses on trade receivables and contract assets, which contributed RMB10.5 million to the cash flow; and (iii) depreciation of property, plant and equipment, amounting to RMB5.4 million. This was partially offset by negative adjustments, including: (i) an increase in inventories of RMB30.7 million, reflecting higher stock levels due to increased production; (ii) an increase in trade and other receivables of RMB36.2 million; and (iii) an increase in contract assets of RMB36.4 million.

For the year ended December 31, 2023, our net cash used in operating activities amounted to RMB39.4 million. This cash outflow was primarily attributable to working capital outflows associated with the expansion of our business, in particular: (i) an increase in trade and other receivables of RMB54.0 million; and (ii) an increase in inventories of RMB4.3 million, reflecting higher production and stocking needs. The increase in trade and other receivables primarily reflected the timing difference between revenue recognition and cash collection, as we generally recognize revenue upon delivery and transfer of control of products to OEM customers, while actual cash collection remains subject to the customers' credit terms and settlement arrangements. In addition, as a substantial portion of our settlements with customers and suppliers was effected through bills rather than cash, cash receipts and payments were relatively smaller than the underlying sales scale. This was partially offset by positive adjustments, mainly relate to an increase in trade and other payables of RMB50.5 million, reflecting the corresponding increase in procurement and supplier credit as our business expanded.

Net cash generated/ (used in) from investing activities

For the five months ended May 31, 2026, our net cash used in investing activities amounted to RMB28.7 million. The cash outflow was primarily attributable to the payment for the purchase of property, plant and equipment and intangible assets in an amount of RMB28.7 million.

For the year ended December 31, 2025, our net cash used in investing activities amounted to RMB17.1 million. The cash outflow was primarily driven by a payment of RMB17.1 million for the purchase of property, plant and equipment and intangible assets, which was the largest use of cash during this period.

For the year ended December 31, 2024, our net cash used in investing activities amounted to RMB11.8 million. The main outflow was related to the payment for the purchase of property, plant, and equipment and intangible assets, totaling RMB11.8 million.

For the year ended December 31, 2023, net cash generated from investing activities amounted to RMB5.3 million. The cash inflow was primarily driven by proceeds from the disposal of financial assets measured at FVPL, totalling RMB25.7 million. This was partially offset by the payment for the purchase of property, plant and equipment and intangible assets, which amounted to RMB4.6 million.

Net cash generated from financing activities

For the five months ended May 31, 2026, our net cash used in financing activities was RMB14.1 million. This was primarily driven by (i) repayments of bank loans of RMB20.0 million, and (ii) dividends paid of RMB15.0 million, partially offset by proceeds from bank loans of RMB25.0 million.

For the year ended December 31, 2025, our net cash used in financing activities was RMB22.6 million. This was primarily driven by the repayments of bank loans, which amounted to RMB72.0 million, partially offset by proceeds from bank loans of RMB54.0 million.

For the year ended December 31, 2024, our net cash used in financing activities was RMB10.2 million. Primarily attributable to repayments of bank loans of RMB67.0 million, partially offset by proceeds from bank loans of RMB59.6 million.

For the year ended December 31, 2023, our net cash generated from financing activities was RMB35.0 million. This increase was largely due to the proceeds from bank loans, which amounted to RMB76.4 million, partially offset by repayments of bank loans of RMB38.7 million.

DISCUSSION OF SELECTED TIE KEY BALANCE SHEET ITEMS

The table below sets forth a summary of our consolidated statement of financial position as of the dates indicated.

	As of December 31,			As of May 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets					
Financial assets measured at fair value through profit and loss ("**FVPL**")	335	269	397	303	222
Inventories	40,474	71,222	68,935	105,714	103,750
Contract assets	66,520	101,812	93,581	95,513	141,039
Trade and other receivables	131,609	156,489	91,332	61,147	29,759
Financial assets measured at fair value through other comprehensive income ("**FVOCI**")	2,800	19	45,508	31,520	11,841
Restricted bank deposits	9,130	34,244	7,800	12,486	13,087
Cash and cash equivalents	1,794	3,223	11,192	56,893	40,243
Total current assets	**252,662**	**367,278**	**318,745**	**363,576**	**339,941**
Total non-current assets	**38,825**	**39,426**	**42,521**	**67,210**	**65,190**
Current liabilities					
Trade and other payables	168,106	242,133	176,244	186,637	166,134
Contract liabilities	807	268	1,153	50,029	32,730
Bank loans	45,473	38,053	20,015	25,051	27,050
Lease liabilities	1,721	1,799	2,093	2,127	2,092
Redemption liabilities	58,722	68,061	78,611	–	–
Provisions	1,859	1,634	3,534	4,283	4,592
Total current liabilities	**276,688**	**351,948**	**281,650**	**268,127**	**232,598**
Total non-current liabilities	**5,335**	**3,536**	**2,184**	**1,193**	**1,149**
Net current (liabilities)/assets	**(24,026)**	**15,330**	**37,095**	**95,449**	**107,343**
Net assets	**9,464**	**51,220**	**77,432**	**161,466**	**171,384**

As of December 31, 2023, we recorded net current liabilities of RMB24.0 million, primarily because our current liabilities remained relatively high at RMB276.7 million, in particular trade and other payables of RMB168.1 million, bank loans of RMB45.5 million and redemption liabilities of RMB58.7 million arising from our **[REDACTED]** investment arrangements. Among these items, redemption liabilities represented a significant portion of our current liabilities and placed downward pressure on our liquidity position. As of December 31, 2024, we turned to a net current asset position of RMB15.3 million. This was mainly because our current assets increased significantly to RMB367.3 million from RMB252.7 million as of December 31, 2023, while bank loans decreased to RMB38.1 million from RMB45.5 million as of December 31, 2023. Although trade and other payables and redemption liabilities remained at relatively high levels of RMB242.1 million and RMB68.1 million, respectively, the increase in current assets was sufficient to offset such current liabilities. As of December 31, 2025, our net current assets further increased to RMB37.1 million. This improvement was mainly attributable to the decrease in current liabilities to RMB281.7 million from RMB351.9 million as of December 31, 2024, particularly trade and other payables, which decreased from RMB242.1 million to RMB176.2 million, and bank loans, which decreased from RMB38.1 million to RMB20.0 million, notwithstanding the increase in redemption liabilities from RMB68.1 million to RMB78.6 million. Although current assets also decreased to RMB318.7 million as of the same date, the decrease in current liabilities was more significant, and therefore our net current asset position further improved. As of May 31, 2026, our net current assets increased significantly to RMB95.4 million, mainly because of the increase in current assets to RMB363.6 million from RMB318.7 million as of December 31, 2025, particularly cash and cash equivalents, which increased from RMB11.2 million as of December 31, 2025 to RMB56.9 million as of the same date in 2026, and inventories, which increased from RMB68.9 million as of December 31, 2025 to RMB105.7 million as of the same date in 2026, notwithstanding the decrease in trade and other receivables from RMB91.3 million as of December 31, 2025 to RMB61.1 million as of the same date in 2026. In the meantime, our current liabilities also decreased from RMB281.7 million as of December 31, 2025 to RMB268.1 million as of the same date in 2026, further contributing to the increase in our net current assets during this period. As of June 30, 2026, our net current assets further increased to RMB107.3 million.

Our net assets increased from RMB9.5 million as of December 31, 2023 to RMB51.2 million as of December 31, 2024, and further to RMB77.4 million as of December 31, 2025. This increase was primarily attributable to the profits and total comprehensive income generated during the relevant years. In addition, a capital contribution from shareholders of RMB0.6 million in 2024 and dividends declared in respect of the previous year of RMB15.0 million in 2025 were also reflected in equity movements. Our net assets further increased to RMB161.5 million as of May 31, 2026, mainly because, following the termination of the relevant redemption rights as of January 9, 2026, redemption liabilities of RMB78.7 million were reclassified from liabilities to equity and therefore no longer recorded as current liabilities. Our net assets further increased to RMB171.4 million as of June 30, 2026.

Property, Plant and Equipment ("PPE")

Our PPE primarily consist of machinery and equipment, office equipment and furniture, construction in progress, and leasehold improvements. The table below sets forth a breakdown of our PPE as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Machinery and equipment	11,624	16,666	19,524	21,746
Office equipment and furniture	1,435	2,019	2,017	2,595
Construction in progress	19	916	5,783	8,668
Leasehold improvement	2,139	1,861	738	5,117
Total	**15,217**	**21,462**	**28,062**	**38,126**

Right-of-Use Assets

Our right-of-use assets primarily represents plant and buildings. The table below sets forth the breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Plant and buildings	7,338	5,548	4,413	3,566
Total	**7,338**	**5,548**	**4,413**	**3,566**

Impairment of Non-Financial Assets

As of December 31, 2023, 2024 and 2025 and May 31, 2026, our Directors assessed whether there was any indication of impairment in respect of our investment in Zhejiang Yodosmart, our wholly-owned subsidiary, in accordance with IAS 36. As of December 31, 2023 and 2024 difference between the total equity in our Company-level balance sheet and the total equity attributable to owners of our Company at the Group level was mainly attributable to the accumulated losses of this subsidiary during its start-up phase. As its capacity utilization improved, it turned profitable from 2024 and had retained earnings as of December 31, 2025 as well as May 31, 2026. Our Directors did not identify any impairment indication in respect of this investment during the Track Record Period, and no impairment was recognized.

Inventories

Our inventories primarily consist of raw materials, semi-finished products, work in progress, and finished products, all of which are either held for sale or in the process of production. The increase in our inventory levels reflects the growth of our sales and the ability to support higher production volumes, ensuring we can meet customer demand.

We perform regular assessments to ensure that our inventories are recorded at the lower of cost and net realizable value. Inventory items that are considered obsolete or slow-moving are written down to their net realizable value. The related provisions are recognized promptly in our profit or loss, ensuring that our financial statements reflect the most accurate and conservative valuation of our inventory.

The following tables set forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	20,617	35,544	37,315	58,030
Semi-finished products	1,300	12,089	3,743	6,757
Finished products	18,557	23,589	27,877	40,927
Total	**40,474**	**71,222**	**68,935**	**105,714**

Raw materials are essential components and parts sourced from suppliers, required to manufacture our products. Semi-finished products and work in progress refer to items that are currently being produced but are not yet completed or ready for sale. Finished products are goods that are fully manufactured and prepared for sale in the normal course of business.

Aging analysis

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	40,474	69,938	66,285	100,497
After 1 year but within 2 years	–	1,284	2,650	5,217
Total	**40,474**	**71,222**	**68,935**	**105,714**

Turnover days

The following table sets forth our inventory turnover days during the Track Record Period:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
			days	
Inventory turnover days[(1)]	93	73	79	98

Note:

(1) Inventory turnover days is calculated based on the average of the beginning and ending balance of inventories divided by cost of sales for the year/period, then multiplied by 360/151.

The change in turnover days is consistent with the overall growth in sales and improved operational efficiency. The decrease in 2024 was primarily due to enhanced operational efficiency from the increased scale of our business and optimized supply chain management. The increase in turnover days for the five months ended May 31, 2026 was primarily due to the seasonal change of demand we typically experience.

As of June 30, 2026, approximately RMB39.6 million, or 36.7%, of our inventories as of May 31, 2026 had been sold or utilized.

Trade and other receivables

Our trade receivables primarily represent amounts due from third-party customers in relation to the sale of goods. Bills receivables refer to trade receivables settled through bank acceptance notes, a common practice in our industry. Other receivables include deposits and amounts due from employees. The increase in trade and bills receivables corresponds with the growth in sales, and is primarily driven by the increasing volume of transactions with our customers.

We primarily provide credit terms of 30 to 120 days for major customers, with whom we have stable, long-term relationships. Our credit policy is aligned with industry standards.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables -Third parties	61,172	136,155	81,427	42,028
Less: lose allowance of trade receivables	(2,168)	(11,610)	(11,905)	(11,821)
Bills receivable, carried at amortized cost	68,392	29,056	11,444	6,461
Advances to staff	85	310	564	2,178
Deposits	507	600	1,585	698
Value-added tax recoverable	1,923	–	2,046	1,449
Prepayments	1,698	1,978	7,981	36,624
Less: Amounts included under "non-current assets"				
Prepayments	–	–	(1,810)	(16,470)
Total	**131,609**	**156,489**	**91,332**	**61,147**

During the Track Record Period, we recorded a loss allowance of trade receivables as one customer experienced financial distress, and the relevant amount has been provided for in full.

The table below sets forth an aging analysis of our trade and bills receivables, carried at amortized cost as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	127,396	153,601	80,947	36,660
After 1 year but within 2 years	–	–	19	8
Total	**127,396**	**153,601**	**80,966**	**36,668**

We have recognized impairments related to certain customers, for which legal action has been taken. The provision for these receivables has been recorded in full.

Turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2025
		days		
Trade receivables turnover days[(1)]	97	89	87	52

Note:

(1) Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables measured at amortized cost divided by revenue for the year/period, then multiplied by 360/151.

The decrease in turnover days during the Track Record Period was due to improved operational efficiency and faster collection cycles.

As of June 30, 2026, approximately RMB15.8 million, or 52.3%, of our trade receivables as of May 31, 2026, had been subsequently settled.

Contract assets

We frequently adjust our product prices based on our pricing strategy, which is subject to negotiation and confirmation by the customers. Consequently, contract assets are recognized for revenue from sales of goods. Once the final price is confirmed with the customer, the contract asset is reclassified to a receivable, as we then have an unconditional right to a fixed amount of consideration, with only the passage of time required before payment is due. The following tables set forth a breakdown of our contract assets as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Completed and unbilled contract	67,347	103,746	95,078	97,213
Less: loss allowance	(827)	(1,934)	(1,497)	(1,700)
Net carrying amount	**66,520**	**101,812**	**93,581**	**95,513**

As of June 30, 2026, approximately RMB26.2 million, or 24.1%, of our contract assets as of May 31, 2026, had been subsequently recognized as trade receivables.

Contract liabilities

Our contract liabilities primarily represent advances received from customers in respect of our solutions and products, for which revenue has not yet been recognized. In accordance with IFRS 15, such amounts are recognized as contract liabilities when customers pay non-refundable consideration before we satisfy the relevant performance obligations and are recognized as revenue when control of the related products or services is transferred to customers. The following tables set forth a breakdown of our contract liabilities as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers	**807**	**268**	**1,153**	**50,029**

The significant increase in contract liabilities as of May 31, 2026 was primarily attributable to advance payments received from certain OEM customers in connection with new contracts to perform.

Trade and other payables

Trade payables primarily reflect payments due to suppliers for raw materials and other goods purchased to support the expansion of our operations. As the scale of our business grew, so did our procurement volumes, leading to an increase in trade payables. The accrued payroll and other benefits mainly include employee salaries and bonuses, which increased as our workforce expanded. Other tax payables primarily reflect taxes owed to the relevant authorities, while other payables consist of various non-trade liabilities.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables -Third parties	121,024	177,523	124,047	118,062
Bills payables	34,875	49,906	26,000	50,637
Other payables	2,223	379	315	319
Dividends declared in respect of the previous year/period	–	–	15,000	–
Accrued payroll and other benefits	7,354	9,591	8,261	6,524
Other tax payables	2,630	4,734	2,621	11,095
Total	**168,106**	**242,133**	**176,244**	**186,637**

Aging analysis

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	155,806	227,387	149,816	168,562
After 1 year but within 2 years	93	42	231	137
Total	**155,899**	**227,429**	**150,047**	**168,699**

Turnover days

The following table sets forth our trade payables turnover days during the Track Record Period.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
			days	
Trade payables turnover days[(1)]	217	186	164	132

Note:

(1) Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by cost of sales for the year/period, then multiplied by 360/151.

As is customary in the automotive supply chain, strategic raw material suppliers and their customers typically agree to longer settlement cycles that reflect established commercial arrangements and industry practice. We believe the payment terms we negotiate with our suppliers are broadly consistent with prevailing market practice. The continuous decrease in turnover days during the Track Record Period was primarily attributable to accelerated collection cycles from customers, which enhanced liquidity and enabled more timely payments to suppliers.

As of June 30, 2026, approximately RMB39.9 million, or 33.8%, of our trade payables as of May 31, 2026, had been subsequently settled.

INDEBTEDNESS

As of June 30, 2026, being the most recent practicable date for this indebtedness statement, save as disclosed in this paragraph headed "Indebtedness" in this section, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

As of the Latest Practicable Date, our unutilized credit facilities amounted to approximately RMB48.5 million. We also confirm that during the Track Record Period and up to the Latest Practicable Date, (i) our credit facilities were subject to the standard banking conditions and covenants, and there were no material covenants that impose a substantial limitation on our ability to obtain further banking facilities; (ii) we had no material default in repayments of our borrowings and with regard to covenants and/or breaches of the covenants under our credit facilities; (iii) we had not received any notice from any bank indicating that it might withdraw or downsize our facilities; (iv) we did not experience any difficulty in obtaining credit facilities and request for early repayments of our borrowings; and (v) we had no material external debt financing plans out of the ordinary course of our business.

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

	As of December 31,			As of May 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
Non-Current					
Lease liabilities	5,335	3,536	2,184	1,193	1,149
Current					
Redemption liabilities	58,722	68,061	78,611	–	–
Bank loans	45,473	38,053	20,015	25,051	27,050
Lease liabilities	1,721	1,799	2,093	2,127	2,092
Total	**111,251**	**111,449**	**102,903**	**28,371**	**30,291**

Bank loans

The table below sets forth our bank loans as of the dates indicated.

	As at December 31,			As at May 31,	As at June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
Current					
Bank loans – secured (i)	24,670	–	–	–	–
Bank loans – guaranteed (ii)	20,803	23,037	–	–	–
Bank loans – unsecured	–	15,016	20,015	25,051	27,050
Total – current	45,473	38,053	20,015	25,051	27,050

As at December 31, 2023, 2024 and 2025 and May 31, 2026, the annual interest rates of bank loans range from 3.50% to 3.66%, 3.12% to 3.45%, 2.21% to 2.70% and 2.21% to 2.70%, respectively.

(i) As at December 31, 2023, bank loans of RMB24,670,000 were secured by discounted bills with recourse.

(ii) At the end of each reporting period, the ultimate controlling shareholder of the Group and his spouse provided guarantees to secure for the Group's banking facilities. Subsequent to May 31, 2025, all such guarantees for the Group's banking facilities were released.

Lease liabilities

Our lease liabilities primarily represent obligations arising from leases of our production facilities and office premises. The table below sets forth our lease liabilities as of the dates indicated.

	As of December 31,			As of May 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Within 1 year	1,721	1,799	2,093	2,127	2,092
After 1 year but within 2 years	1,799	1,881	1,768	922	924
After 2 years but within 5 years	3,536	1,655	416	271	225
Total	**7,056**	**5,335**	**4,277**	**3,320**	**3,241**

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures were used for purchases of property, plant and equipment and intangible assets. Our capital expenditures were RMB4.6 million, RMB11.8 million, RMB17.1 million and RMB28.7 million as of December 31, 2023, 2024 and 2025 and May 31, 2026, respectively.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 31 to the Accountants' Report included in Appendix I to this document.

Our Directors believe that our transactions with the related parties during the Track Record were conducted in the normal course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENT

There were no material subsequent events after 31 May, 2026 up to the date of this document.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for/as of the dates/periods indicated.

	As of/Year ended December 31,			As of/For the five months ended May 31,
	2023	2024	2025	2026
Gross profit margin[(1)]	23.5%	27.4%	26.3%	23.6%
Current ratio[(2)]	0.9	1.0	1.1	1.4
Quick ratio[(3)]	0.8	0.8	0.9	1.0
Debt-to-asset ratio[(4)]	1.0	0.9	0.8	0.6

Notes:

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

(2) Current ratio is calculated by dividing total current assets by total current liabilities as of the dates indicated.

(3) Quick ratio is calculated using current assets less inventories and divided by current liabilities as of the dates indicated.

(4) Debt-to-asset ratio is calculated by dividing total liabilities by total assets as of the dates indicated.

FINANCIAL RISK DISCLOSURE

In the ordinary course of our business, we are exposed to various financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk, and risks related to fair value measurements. We have established financial risk management policies to manage and mitigate these exposures, and these policies are regularly reviewed and monitored by our finance team. For further details, please refer to Note 29 to the Accountant's Report included in Appendix I to this document.

DIVIDEND

On December 30, 2025, our shareholders' meeting resolved to declare a dividend in respect of RMB0.30 per share of RMB15.0 million. This represents the first dividend declaration in our operating history. No dividends were paid or declared for the years ended December 31, 2023 and 2024. In January 2026, we have paid the dividends declared in respect of the year 2025 in full. See Note 28(b) to the Accountants' Report in Appendix I to this document.

There is no assurance that dividends of any amount will be declared or distributed in any year. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant. Distribution of dividends will be decided by our Board at their discretion and will be subject to Shareholders' approval. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations.

DISTRIBUTABLE RESERVES

As of May 31, 2026, our accumulated losses amounted to approximately RMB9.3 million.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For more details, please please refer to "Unaudited **[REDACTED]** Statement of Adjusted Consolidated Net Tangible Assets" included in Appendix II to this document.

[REDACTED] EXPENSES

The total estimated **[REDACTED]** expenses in connection with the **[REDACTED]** are approximately RMB**[REDACTED]** million (equivalent to approximately HK$**[REDACTED]** million), representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**) and the **[REDACTED]** is not exercised, and of which approximately RMB**[REDACTED]** million is directly attributable to the issue of the **[REDACTED]** which is expected to be accounted for as a deduction from equity upon the **[REDACTED]** in accordance with relevant accounting standards. The remaining estimated **[REDACTED]** expenses amount to approximately RMB**[REDACTED]** million, of which (i) approximately **[REDACTED]**, **[REDACTED]**, RMB**[REDACTED]** million and RMB**[REDACTED]** million was recognized as expenses in the consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, respectively; and (ii) approximately RMB**[REDACTED]** million is expected to be recognized as expenses after May 31, 2026 and up to the **[REDACTED]**. Such total estimated **[REDACTED]** expenses include (i) **[REDACTED]**-related expenses of RMB**[REDACTED]** million; (ii) fees and expenses of legal advisers and reporting accountants of RMB**[REDACTED]** million; and (iii) other fees and expenses of RMB**[REDACTED]** million. The **[REDACTED]** expenses above are the current estimate for reference only and the final amount to be recognized to our consolidated as expenses in the consolidated statements of profit or loss and other comprehensive income is subject to changes in variables and assumptions.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, save as disclosed in this document, there has been no material adverse change in our financial, operational or trading positions or prospects since May 31, 2026, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE HONG KONG LISTING RULES

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