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

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

For the purpose of this section, unless the context otherwise requires, reference to the years of 2022, 2023 2024 and the nine months ended September 30, 2025 refer to the years ended December 31, 2022, 2023 2024 and the nine months ended September 30, 2025, respectively.

OVERVIEW

We are one of the largest manufacturers of heat-shrinkable materials and telecoms cable products in the world, enjoying rapid growth in line with strong expansion of high-speed data communication and electrical power transmission industries in recent years. Our products play essential roles in wide variety of application scenarios across both telecoms and electrical power transmission industries.

Key Achievements in relation to Telecoms Cable Industry

Along value chain of relevant industries, we stay in the midstream sector, being a manufacturer of products used by downstream consumers, including (i) computing centers, cloud computing, HPC and 5G equipment that use telecoms cables; and (ii) enterprises engaging in industries like power, aerospace, electronics, telecommunications, petrochemical, medical, shipbuilding and rail transportation who demands heat-shrinkable tubes and related products manufactured through extrusion, irradiation crosslinking, and thermal shaping.

- High-speed copper cables are critical components of high-speed data communication. These products enable high-speed connection between the functional modules in computing centers, increasing intra-cluster data transfer efficiency while ensuring optimized energy consumption and reliability. This effectively promoted the rapid deployment of quality infrastructure, driving the expansive application of LLMs across different industries.

- Our high-speed copper cables have been certified and admitted for usage in the computing servers of several globally leading AI enterprises with strong GPU designing or manufacturing capabilities. These cables ensure stable and quality signal transmission between GPUs to unleash their full designed potential. According to F&S, we are the second largest manufacturer and the largest China-based manufacturer of high-speed copper cables on global revenue in 2024, claiming 24.2% of the global market share.

- According to F&S, we ranked first in the global heat-shrinkable materials industry, with a 20.6% global market share in terms of global revenue in 2024; and we pioneered the industrialization of heat-shrinkable materials in China, holding a 58.5% China market share in terms of China revenue in 2024 and maintaining a leading position. When heated during installation, our tubings would shrink to conform to virtually any shape, providing dependable insulation, mechanical robustness, strain relief, as well as esthetic appeal. These products can also withstand challenges in harsh environments, such as collision and abrasion, pollution and contamination, UV-light, as well as extreme temperature and humidity conditions.

Key Achievements in relation to Electrical Power Transmission Industries

Along value chain of relevant industries, we stay in the midstream sector, being a manufacturer of products used by downstream consumers, including (i) charging facility operators, NEV manufacturers and energy management platforms that use AC and DC charging guns products and (ii) companies engaging in the power and transportation sectors who demands for cable accessories products that can effectively ensure safe and quality performance in diverse environmental and application requirement.

- Our NEV power transmission products provide high-performance electrical products to NEVs. These products have been widely adopted by leading automakers in China and around the world, as well as ultra-fast charging station operators enjoying strong market share in China. According to F&S, we are the largest NEV DC charging gun manufacturer in terms of China revenue in 2024, with a China market share of 41.7%.

- Through offering electrical cable accessories products, we provide customers with power transmission solutions for critical energy infrastructure, including high-voltage power grids and nuclear power plants, featuring high performance, high safety and strong reliability. As of the Latest Practicable Date, our products had been adopted by many leading power enterprises in China, including two largest power grid operators, a leading nuclear power plant operator and a leading power producer. According to F&S, we ranked first among manufacturers of cable accessories in terms of China revenue in 2024, claiming a China market share of 10.6%.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations, and financial condition are influenced by various factors impacting the industries in which we operate. These factors include macroeconomic conditions, regulatory developments, and market competition.

In addition to these general factors, our results of operations are affected by the following specific factors:

Market Demand

As we possess a leading position in the high-speed data communication and electrical power transmission industry, the robust growth in the various key markets, such as heat-shrinkable materials, data communication cables and DC charging guns, drives demand for our solutions. Therefore, shifts in the growth trends of these markets could affect customer demand for our products and materially affect our results of operations.

According to F&S, among these markets,

- The global high-speed copper cable market expanded from RMB0.4 billion in 2020 to RMB1.2 billion in 2024, reflecting a CAGR of 30.4%. It is projected to grow further from RMB1.9 billion in 2025 to RMB4.9 billion by 2029 at a CAGR of 26.9%.

- For the heat-shrinkable materials industry, its global market grew at a CAGR of 5.7% from RMB10.1 billion in 2020 to RMB12.6 billion in 2024, and is expected to grow at a CAGR of 5.4% from 2025 to RMB16.5 billion in 2029. Its market size in China increased at a CAGR of 7.7% from RMB2.7 billion in 2020 to RMB3.6 billion in 2024, and is expected to increase at a CAGR of 7.2% to RMB5.1 billion by 2029.

- The market size of China's DC charging gun industry increased from RMB0.2 billion in 2020 to RMB1.2 billion in 2024 at a CAGR of 58.6%, and is expected to reach RMB4.1 billion in 2029 at a CAGR of 24.7% from 2025.

Our main products play a key role in these growing sectors. Changes in market dynamics, such as increased competition or reduced demand, could adversely impact our business performance.

R&D Capabilities and Operational Efficiency

Our ability to deliver innovative, high-performance solutions tailored to customer needs is critical to sustaining our competitive advantage and achieving long-term growth. We have strategically invested in R&D to advance technologies for data communication and power transmission, focusing on areas such as high-speed copper cables, liquid-cooled charging guns, and high-voltage cable accessories. Our R&D efforts are also closely integrated with our customers to ensure alignment with their current and future needs. Such endeavors not only strengthen customer relationships but also create high switching costs, as customers rely on our customized solutions.

To support our innovation efforts, we have established comprehensive R&D facilities, including UL-certified laboratories, and formed partnerships with leading academic institutions. As of September 30, 2025, we had a dedicated R&D team of over 880 members, representing 10.3% of our total workforce. In 2022, 2023, 2024 and the nine months ended September 30, 2025, our research and development expenses amounted to RMB305.8 million, RMB310.0 million, RMB348.7 million and RMB325.7 million, respectively, making up 5.7%, 5.4%, 5.0% and 5.4% of our revenue in the same years/periods, respectively.

In addition to R&D, our operational efficiency plays a key role in optimizing costs and enhancing profitability. Through the adoption of advanced manufacturing technologies, such as automated production lines, robotics, and IoT solutions, we have achieved significant improvements in production quality and cost-effectiveness. For instance, our proprietary MES system enables real-time monitoring of production processes, ensuring consistent product quality and operational efficiency, helping us control our costs without compromising on quality.

Product Mix

Our financial performance is influenced by the mix of products we sell, as unit prices and average selling prices vary across and even within our businesses and product lines. For example, for telecoms cable products in our electronic communications business, the average selling price for medical-grade cables, can be significantly higher than those for consumer electronics cables, reflecting the difference in the complexity of their R&D and manufacturing processes. See "Business—Our Business—Electronic Communications Business—Telecoms Cable Products." Even for the same product series, the average selling price may also have significant variance. See "Business—Our Business—Electrical Power Transmission Product Business—Electrical cable accessories products."

Given the rapid development and robust growth in the downstream markets, such dynamic customer demands will influence each of our products' sales volume and change the product mix, requiring our agile response. Therefore, we have been constantly monitoring and evaluating our product mix and dynamically adjusting the same to not just increase our profitability but also optimally position us to fulfill anticipated customer demands.

Raw Material Costs

The raw materials for our key products primarily include EVA (ethylene-vinyl acetate, a key polymer used in the production of heat-shrinkable materials), copper, and rubber. Fluctuations in the prices of these raw materials directly affect our production costs and product pricing, which in turn has a significant impact on our operations. For example, according to F&S,

- The global EVA price increased from RMB12.9 thousand per metric ton in 2020 to RMB22.2 thousand per metric ton in 2022, before decreasing to RMB11.3 thousand per metric ton in 2024;
- The global copper price increased from RMB42.6 thousand per metric ton in 2020 to RMB66.0 thousand per metric ton in 2024; and
- The global rubber price increased from RMB12.0 thousand per metric ton in 2020 to RMB15.7 thousand per metric ton in 2024.

In view of such fluctuation, we consider market benchmarks for relevant raw materials, such as those published on the relevant industry association websites, e.g., Shanghai Futures Exchange, in sourcing raw materials and in determining the pricing of our products. To mitigate the impact of price fluctuations, we implement cost-control measures, such as strategic sourcing, bulk purchasing, and dynamic pricing mechanisms, which help us maintain competitiveness and preserve margins.

In addition, our vertically integrated business model enables us to capture value at multiple stages of production, optimize costs, and maintain supply chain stability, as we can benefit from the entire value chain, from product development to production. For instance, our manufacturing bases allow us to process raw materials across these locations, maintain high production efficiency, and ensure timely delivery.

Furthermore, our integrated operation also provides us with the flexibility to respond to changing market conditions, as different products require different raw material profile. For example, as our telecoms cable products and electronic material products achieve comprehensive coverage of electronic communications, we have been able to also benefit from the growth in electrical power transmission through our corresponding solutions, such as NEV power transmission products, electrical cable accessories products and wind power business.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 5 to the Accountants' Report included in Appendix I to this prospectus.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

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

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Revenue Recognition

Revenue from sales of goods

We sell telecoms cables, electronic materials products, NEV power transmission products and electrical cable accessories products directly to customers in accordance with the contracts entered into with the customers. Revenue is recognized when control of the products has been transferred to the customer, at the point the goods are delivered to the customer. Delivery occurs when the products have been accepted by the customer. The typical credit term is within 90 days effective from the date when the goods are accepted by the customers. When the customer pays in advance for the orders, the transaction price received by us is recognized as a contract liability until the goods have been delivered to the customer.

Revenue from sales of wind power

Revenue from the sales of wind power represents the amount of tariffs billed for electricity generated and transmitted to the respective power companies. Revenue is recognized when the electricity is transmitted as the consideration becomes unconditional at this point in time.

Others

Revenue from provision of the implementation services of MOM and MES

We recognizes revenue from the services rendered for software implementation over time, using an input method to measure progress towards complete satisfaction of the service, because our performance creates or enhances an asset that the customer controls as the asset is created or enhanced and the customer simultaneously receives and consumes the benefits provided by us. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than assets under construction as described below. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets in functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with our accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When we make payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as ''right-of-use assets'' in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than assets under installation less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	20 – 40 years
Plant and machinery	3 – 10 years
Motor vehicles	3 – 10 years
Electricity generation and related equipment	20 years
Leasehold improvements	2 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

We transfer a property to investment property when its use has changed as evidenced by the end of owner-occupation.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment on property, plant and equipment, right-of-use assets, intangible assets other than goodwill and investment properties

At the end of the reporting period, we review the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful and investment properties to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, intangible assets and investment properties are estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate the recoverable amount of the cash- generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash- generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash- generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash- generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade and bills receivables and contract assets arising from contracts with customers which are initially measured in accordance with IFRS 15 ‘‘Revenue from Contracts with Customers” (“**IFRS 15**”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss (“**FVTPL**”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL except that at initial recognition of a financial asset we may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 “Business Combinations” applies.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or fair value through other comprehensive income (“**FVTOCI**”) or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI on initial recognition are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the fair value reserve.

Dividends from these investments in equity instruments are recognized in profit or loss when our right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses" line item in profit or loss.

*Impairment of financial assets subject to impairment assessment under IFRS 9 "Financial Instruments" ("**IFRS 9**")*

We performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and bills receivables, other receivables, restricted and pledged bank deposits and bank balances and cash), and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

We always recognizes lifetime ECL for trade and bills receivables and contract assets. The ECL on these assets are assessed individually.

For all other instruments, we measure the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case we recognize lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, we compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, we consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, we presume that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless we have reasonable and supportable information that demonstrates otherwise.

We regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount become past due.

Definition of default

For internal credit risk management, we consider an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including us, in full (without taking into account any collaterals held by us).

Irrespective of the above, we consider that default has occurred when a financial asset is more than 1 year past due unless we have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off policy

We write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under our recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. We use a practical expedient in estimating ECL on trade and bills receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to us in accordance with the contract and the cash flows that we expect to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and bills receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, we take into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

We measure ECL for the remaining trade and bills receivables and contract assets on an individual basis.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

We recognize an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables, contract assets and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other income, gains and losses' line item (note 7) as part of the net foreign exchange gains/ (losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other income, gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 7); and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the fair value reserve.

Derecognition of financial assets

We derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which we have elected on initial recognition to measure at FVTOCI, the cumulative gains or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained profits.

Material Accounting Judgments and Estimate

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and investment properties

Property, plant and equipment, right-of-use assets, intangible assets and investment properties are stated at costs less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, we have to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicator that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), we estimate the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties due to uncertainty on how the international conflicts and tensions/volatility or disruptions in financial, foreign currency or commodity markets may progress and evolve.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value-in-use calculation requires us to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss/further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate changes, higher interest rates and inflation, elections in major economies and international conflicts and tensions. The information about the impairment of goodwill are disclosed in Note 17 to "Appendix I — Accountant's Report".

Provision of ECL for trade and other receivables and contract assets

Trade and other receivables and contract assets with significant balances and credit-impaired are assessed for ECL individually. In addition, we uses practical expedient in estimating ECL on trade and bills receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration our historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL on our trade and other receivables and contract assets are disclosed in Note 37(b) to "Appendix I — Accountants' Report".

Fair value measurement of financial instruments

As at December 31, 2022, 2023, 2024 and September 30, 2025, we had (i) unlisted equity investments classified as equity instruments at FVTOCI, (ii) equity investments listed in National Equities Exchange and Quotations ("**NEEQ**") classified as equity instruments at FVTOCI, and (iii) investments in wealth management products classified as financial assets at FVTPL, which are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 37(d) to "Appendix I — Accountants' Report" for further disclosures.

Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sales. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. The Group will reassess the estimations at each statement of financial position date.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

RESULTS OF OPERATIONS

	Year Ended December 31,						Nine Months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(Unaudited)			
Revenue	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**	**4,815,515**	**100.0**	**6,076,678**	**100.0**
Cost of sales	(3,724,687)	(69.8)	(3,930,200)	(68.7)	(4,809,739)	(69.5)	(3,320,800)	(69.0)	(4,198,941)	(69.1)
Gross profit	**1,611,962**	**30.2**	**1,788,641**	**31.3**	**2,110,363**	**30.5**	**1,494,715**	**31.0**	**1,877,737**	**30.9**
Other income, gains and losses	91,145	1.7	88,339	1.5	91,919	1.3	62,902	1.3	48,884	0.8
Selling expenses	(314,238)	(5.9)	(323,933)	(5.7)	(353,553)	(5.1)	(243,306)	(5.1)	(283,870)	(4.7)
Administrative expenses	(248,248)	(4.7)	(297,873)	(5.2)	(345,659)	(5.0)	(215,713)	(4.5)	(235,310)	(3.9)
Research and development expenses	(305,808)	(5.7)	(309,962)	(5.4)	(348,694)	(5.0)	(243,104)	(5.0)	(325,688)	(5.4)
Share of results of associates	6,060	0.1	9,877	0.2	9,807	0.1	9,288	0.2	4,164	0.1
Finance costs	(89,595)	(1.7)	(66,778)	(1.2)	(60,439)	(0.9)	(44,933)	(0.9)	(39,273)	(0.6)
Impairment losses on financial assets, net	(23,922)	(0.4)	(15,434)	(0.3)	(29,881)	(0.4)	(7,504)	(0.2)	(9,922)	(0.2)
Listing expense	—	—	—	—	—	—	—	—	(636)	(0.0)
Profit before taxation	**727,356**	**13.6**	**872,877**	**15.2**	**1,073,863**	**15.5**	**812,345**	**16.8**	**1,036,086**	**17.0**
Income tax expense	(67,109)	(1.3)	(115,150)	(2.0)	(153,360)	(2.2)	(103,102)	(2.1)	(152,783)	(2.5)
Profit for the year	**660,247**	**12.3**	**757,727**	**13.2**	**920,503**	**13.3**	**709,243**	**14.7**	**883,303**	**14.5**

Revenue

During the Track Record Period, we principally derived revenue from two businesses, namely:

- **Electronic Communications Business**, including
  - ***Telecoms cable products***: primarily high-speed copper cables, automobile data communications cables, and industrial automation equipment and robot cables.
  - ***Electronic material products***: primarily single-wall tubings, dual-wall tubings, tapes, and heat-shrinkable busbar insulation tubings.
- **Electrical Power Transmission Product Business**, including
  - ***NEV power transmission products***: primarily DC charging guns for NEVs, high-voltage cables, high-voltage connectors, and AC and DC charging socket.
  - ***Electrical cable accessories products***: primarily nuclear-grade heat-shrinkable cable accessory, high-voltage cable accessory, and cold-shrinkable and heat-shrinkable cable accessory.
- **Other Business**, including
  - ***Wind power business***: primarily electricity from wind power stations.
  - ***Others***: primarily provision of implementation services of MOM and MES platforms.

See "Business – Our Business" of this prospectus for further details.

Revenue by Product and Business Line

The table below sets forth the breakdown of our revenue by product and business line for the years/periods indicated:

	Year Ended December 31,						Nine Months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(Unaudited)			
Electronic Communications Business										
Telecoms cable products	1,362,366	25.5	1,164,501	20.4	1,702,272	24.6	1,196,963	24.8	1,894,591	31.2
Electronic material products	2,104,868	39.5	2,198,264	38.4	2,599,375	37.6	1,839,163	38.2	2,043,908	33.6
Subtotal	**3,467,234**	**65.0**	**3,362,765**	**58.8**	**4,301,647**	**62.2**	**3,036,126**	**63.0**	**3,938,499**	**64.8**
Electrical Power Transmission Product Business										
NEV power transmission products	823,878	15.4	1,082,420	18.9	1,381,421	20.0	917,071	19.1	1,159,471	19.1
Electrical cable accessories products	781,147	14.6	953,522	16.7	926,973	13.4	631,904	13.1	741,032	12.2
Subtotal	**1,605,025**	**30.0**	**2,035,942**	**35.6**	**2,308,394**	**33.4**	**1,548,975**	**32.2**	**1,900,503**	**31.3**
Other Business										
Wind power business	146,768	2.8	158,713	2.8	151,724	2.2	116,470	2.4	101,154	1.7
Others*	117,622	2.2	161,421	2.8	158,337	2.2	113,944	2.4	136,522	2.2
Subtotal	**264,390**	**5.0**	**320,134**	**5.6**	**310,061**	**4.4**	**230,414**	**4.8**	**237,676**	**3.9**
Total	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**	**4,815,515**	**100.0**	**6,076,678**	**100.0**

Note:

* Others mainly include revenue from provision of implementation services of MOM and MES platforms.

During the Track Record Period, our revenue was primarily influenced by the following factors:

- **Telecoms cable products**: The revenue generated from this product line decreased from 2022 to 2023, primarily because of the decrease in its sales volume, as we, having identified evolving market trend, proactively adjusted our product mix to focus on premium products that we believe have strong growth potential in emerging application scenarios and pivoted away from the production and sale of other products. From 2023 to 2024, our revenue from this product line increased primarily driven by the success in our product mix adjustment, where we increased the sales of premium products, e.g., high-speed copper cables. The revenue generated from this product line increased from the nine month ended September 30, 2024 to the nine month ended September 30, 2025, primarily due to the growth in sales of our signature products, such as high-speed cobber cables and automotive communication cables. This growth is attributed to the advancements in interconnection technology driven by developments in artificial intelligence and high-performance computing, which have led to increased demand for our products.

- **Electronic material products**: Revenue growth of this product line throughout the Track Record Period was primarily driven by the increase in its sales volume, which in turn results from strong demand from customers in the automotive, electronics, and medical industries, e.g., dual-wall tubing used in NEV and medical equipment.

- **NEV power transmission products**: Revenue growth of this product line throughout the Track Record Period was attributable to increase in customer demand, which was in turn primarily driven by the rapid expansion of charging infrastructure that gave rise to an increase in the sales volume of key products, including charging guns.

- **Electrical cable accessories products**: Revenue from this product line grew from 2022 to 2023 and decreased from 2023 to 2024, which was in line with the fluctuation in sales volume, reflecting changing market demand arising from grid and station construction. Revenue from this product line further increased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, primarily due to the increased market demand for our products, supported by national policies.

- **Wind power business**: Revenue from this business line remained stable, contributing 2.8%, 2.8%, 2.2%, 2.4% and 1.7% of total revenue in each year and period during the Track Record Period. This reflects steady wind electricity generation.

During the Track Record Period, the sales volume of our products was primarily influenced by:

- **Demand in Key End Markets**, including growth in application scenarios such as computing centers, NEVs, cloud computing, power and charging infrastructure. These trends directly increased orders for our products, such as high-speed copper cables, dual wall tubing, and cable accessories.

- **Regulatory and Policy Support**, notably China's emphasis on alternative energy and technological self-reliance under the 14th Five-Year Plan, which spurred investments in charging infrastructure, smart grid systems, and wind power.

- **Production Capacity**, underpinned by our manufacturing bases both in and outside China and optimization of manufacturing processes. This enabled efficient large-scale production that allows us to meet the growing customer demand of our premium products, such as high-speed copper cables.

The average selling price of our products was shaped by:

- **Raw Material Cost Volatility**, particularly fluctuation in EVA, copper and rubber prices, which necessitated pricing adjustments in response to or in anticipation of such fluctuation.

- **Product Mix Optimization**, with premium products such as 224G single-channel high-speed copper cables and 800A liquid-cooled charging guns featuring high average selling prices.

- **Technology-Driven Differentiation**, including proprietary formulations (e.g., flame-retardant medical-grade polymers) and internationally recognized certifications (e.g., UL, TÜV), which justified price resilience in competitive markets.

For the sales volume and selling price of our products during the Track Record Period, please see "Business — Our Business."

Revenue by Geographical Location

Geographical location is solely based on the places of registration of our direct customers, which may not align with the delivery destinations or end markets of our products for the years/periods indicated. The table below sets forth the breakdown of our revenue by geographical location for the years/periods indicated:

	Year Ended December 31,						Nine Months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB)	%	(RMB)	%	(RMB)	%	(RMB)	%	(RMB)	%
	(in thousands, except for percentages)									
							(Unaudited)			
Chinese mainland	4,688,295	87.9	4,990,212	87.3	6,108,050	88.3	4,258,989	88.4	5,326,830	87.7
Outside Chinese mainland										
Asia	338,579	6.3	399,395	7.0	434,835	6.3	329,241	6.8	411,050	6.7
Vietnam	64,779	1.2	66,607	1.2	117,992	1.7	71,418	1.5	96,894	1.6
India	66,586	1.2	94,417	1.7	104,975	1.5	77,907	1.6	106,317	1.7
Singapore	66,412	1.2	55,284	1.0	56,907	0.8	40,359	0.8	47,862	0.8
Others	140,802	2.7	183,087	3.1	154,961	2.3	139,557	2.9	159,977	2.6
EU	119,835	2.2	135,756	2.4	145,177	2.1	93,653	2.0	111,837	1.9
Spain	18,352	0.3	28,222	0.5	26,835	0.4	14,345	0.3	18,764	0.3
UK	9,410	0.2	15,643	0.3	15,113	0.2	11,546	0.2	17,942	0.3
Germany	19,629	0.4	19,748	0.3	17,253	0.2	13,262	0.3	16,350	0.3
Others	72,444	1.3	72,143	1.3	85,976	1.3	54,500	1.2	58,781	1.0
U.S.	117,005	2.2	114,360	2.0	143,701	2.1	75,565	1.6	169,516	2.8
Others	72,935	1.4	79,118	1.3	88,339	1.2	58,067	1.2	57,445	0.9
Subtotal	648,354	12.1	728,629	12.7	812,052	11.7	556,526	11.6	749,848	12.3
Total	**5,336,649**	**100.0**	**5,718,841**	**100.0**	**6,920,102**	**100.0**	**4,815,515**	**100.0**	**6,076,678**	**100.0**

During the Track Record Period, we derived the largest share of our revenue from Chinese mainland, particularly Southern and Eastern China. Such significant revenue contribution was primarily driven by demand in the automotive, robotics and electronics manufacturing sectors and power infrastructure projects.

For the market outside Chinese mainland, revenue grew in tandem with our total revenue and therefore contributed to a steady portion of our total revenue. Revenue growth during the Track Record Period was primarily attributable to the increase in the sale of electronic materials products in key markets, including India, U.S., Singapore and Vietnam.

Transfer Pricing Arrangement

We carry out intra-Group transactions among our subsidiaries in the PRC and overseas. We have engaged transfer pricing advisors to perform transfer pricing review on our cross-border intra-Group transactions during the Track Record Period to conduct benchmarking studies on the intra-Group transactions and ensure compliance with the relevant transfer pricing regulations and guidelines. To the best knowledge of our Directors, our Directors are of the view that we complied with the relevant transfer pricing regulations and guidelines during the Track Record Period and up to the Latest Practicable Date.

Cost of Sales

Our cost of sales primarily consists of: (i) raw material costs, primarily including the cost of EVA, which is a key raw material for our electronic materials products for cross-linked polymers), copper materials, which is critical for NEV power transmission products and telecoms cables, and auxiliary chemicals such as flame-retardant additives and crosslinking agents; (ii) labor costs, associated with production personnel across our manufacturing bases, (iii) overheads, comprising utilities, repair and maintenance fees and leasing expenses, (iv) depreciation and amortization costs primarily associated with our production plants and machinery and (v) other costs, primarily taxes and transportation costs.

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

	Year Ended December 31,						Nine Months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(Unaudited)			
Raw materials	2,778,208	74.6	2,865,565	72.9	3,493,149	72.6	2,399,694	72.3	3,025,118	72.1
Resins, plastics and rubber materials	1,172,435	31.5	1,135,025	28.9	1,303,037	27.1	878,760	26.5	1,072,770	25.5
Copper	817,884	22.0	929,820	23.7	1,159,914	24.1	823,897	24.8	1,107,001	26.4
Other(1)	787,889	21.1	800,720	20.3	1,030,198	21.4	697,037	21.0	845,347	20.2
Direct labor	442,476	11.9	475,895	12.1	627,589	13.0	430,198	13.0	569,441	13.6
Overheads	147,442	4.0	166,347	4.2	194,670	4.1	147,475	4.4	168,724	4.1
Depreciation and amortization	96,474	2.5	112,596	2.9	119,070	2.5	76,427	2.3	103,800	2.5
Others(2)	260,087	7.0	309,797	7.9	375,261	7.8	267,006	8.0	331,858	7.7
Total	**3,724,687**	**100.0**	**3,930,200**	**100.0**	**4,809,739**	**100.0**	**3,320,800**	**100.0**	**4,198,941**	**100.0**

Note:

(1) primarily include other metal accessories, packaging materials, auxiliary materials and hardware products.

(2) primarily include taxes, logistics costs, outsourcing processing fees, impairment losses for inventories and other miscellaneous costs.

The table below sets out cost breakdown by business segments for the years/periods indicated.

	Years ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentage)									
							(Unaudited)			
Cost of Sales										
Electronic Communications Business										
Telecoms cable products										
High-speed copper cables	57,742	1.6	59,759	1.5	170,875	3.6	110,671	3.4	407,152	9.7
Consumer electronics and industrial cable products	1,044,725	28.0	931,255	23.7	1,252,596	26.0	887,990	26.7	1,087,490	25.9
Subtotal	1,102,467	29.6	991,014	25.2	1,423,471	29.6	998,661	30.1	1,494,642	35.6
Electronic material products	1,418,713	38.1	1,410,951	36.0	1,584,253	33.0	1,187,579	35.8	1,231,844	29.3
Electrical Power Transmission Product Business										
NEV power transmission products										
NEV charging products	403,399	10.8	551,475	14.0	710,148	14.8	442,150	13.3	650,298	15.5
Power battery safety protection products	180,286	4.9	244,562	6.3	350,066	7.2	246,625	7.4	259,286	6.2
Subtotal	583,685	15.7	796,037	20.3	1,060,214	22.0	688,775	20.7	909,584	21.7
Electrical cable accessories products	481,186	12.9	559,975	14.2	584,692	12.2	369,520	11.1	471,293	11.2
Subtotal	1,064,871	28.6	1,356,012	34.5	1,644,906	34.2	1,058,295	31.8	1,380,877	32.9
Other Business										
Wind Power business	48,500	1.3	48,780	1.2	49,971	1.0	37,155	1.1	39,027	0.9
Others	90,136	2.4	123,443	3.1	107,138	2.2	39,110	1.2	52,551	1.3
Subtotal	138,636	3.7	172,223	4.3	157,109	3.2	76,265	2.3	91,578	2.2
Total	**3,724,687**	**100.0**	**3,930,200**	**100.0**	**4,809,739**	**100.0**	**3,320,800**	**100.0**	**4,198,941**	**100.0**

During the Track Record Period, cost of raw material was the largest component of our cost of sales, accounting for over 70% in each year and period. To mitigate the impact of raw material price fluctuations on our cost of sales, we adopted strategic procurement practices and establish long-term supplier agreements during the Track Record Period. For details, see "Business – Raw Material Procurement". By fostering stable and long-term relationships with raw materials suppliers, we were able to negotiate favorable terms that allow us to obtain essential materials at competitive prices, even amidst fluctuations in the raw material market. The continuous increase in our cost of sales during the Track Record Period was primarily due to the increased sales volume of our products. Our cost of labor, overheads and depreciation and amortization as a percentage of our total cost of sales remained relatively stable during the Track Record Period.

For illustrative purposes only, assuming that all other factors affecting our financial performance remain constant (including assuming that material price fluctuations cannot be passed on to customers), the sensitivity analysis of the impact of fluctuations in the average price of raw materials being 1% and 5% (the actual average fluctuation may be smaller as we use various types of materials in our production) on our profit before income tax during the Track Record Period is as follows:

	Year Ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
	(in RMB in thousands)			*(Unaudited)*	
Fluctuations in the average price of direct materials					
-/+1%	27,782	28,656	34,931	23,997	30,251
-/+5%	138,910	143,278	174,657	119,985	151,256

The average price fluctuations of raw materials illustrated above only account for variations in a single factor, whereas our operating performance is influenced by numerous factors. For details on our measures to address material price fluctuations and supply risks, please see "Business—Raw Material Procurement".

Gross Profit and Gross Profit Margin

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

	Year Ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	%	RMB	%	RMB	%	RMB		%	
	(in RMB in thousands, except for percentages)						*(Unaudited)*			
Electronic Communications Business										
Telecoms cable product	259,899	19.1	173,487	14.9	278,801	16.4	198,302	16.6	399,949	21.1
Electronic material products	686,155	32.6	787,313	35.8	1,015,122	39.1	651,584	35.4	812,064	39.7
Electrical power transmission product business										
NEV power transmission products	240,193	29.2	286,383	26.5	321,207	23.3	228,296	24.9	249,887	21.6
Electrical cable accessories products	299,961	38.4	393,547	41.3	342,281	36.9	262,384	41.5	269,739	36.4
Other Business										
Winder power business	98,268	67.0	109,933	69.3	101,753	67.1	79,315	68.1	62,127	61.4
Others*	27,486	23.4	37,978	23.5	51,199	32.3	74,834	65.7	83,971	61.5
Total	**1,611,962**	**30.2**	**1,788,641**	**31.3**	**2,110,363**	**30.5**	**1,494,715**	**31.0**	**1,877,737**	**30.9**

Note:

* Others mainly include gross profit and gross profit margin from provision of implementation services of MOM and MES platforms.

During the Track Record Period, our gross profit showed continuous growth, and our gross profit margin remained relatively stable. The gross profit margin was primarily influenced by (i) improving unit economics attributable to our continuous R&D, increase in automation and operating efficiency, (ii) product mix optimization, and (iii) raw material price trends.

During the Track Record Period, raw material costs for EVA and copper remained in fluctuation. EVA price decreased from RMB22.2 thousand per metric ton in 2022 to RMB9.9 thousand per metric ton in the nine months ended September 30, 2025, whereas copper price increased from RMB59.2 thousand per metric ton in 2022 to RMB89.2 thousand per metric ton in the nine months ended September 30, 2025. While price decreases may improve our margin, price increases may adversely affect our margin. As such, to protect our margin against price increases, we have adopted strategic procurement practices and long-term supplier agreements, which helped mitigate upward price pressures. For details, please see "Business — Our Suppliers — Raw Material Procurement" in this Prospectus.

Other Income, Gains and Losses

Our other income and gains primarily include (i) government grants, mainly representing incentives received from governments, including non-recurring grants such as tax refunds, operating subsidies and various industry-specific subsidies to reward our effort in technological innovation, on which no unfulfilled condition was recognized, (ii) additional VAT deductible, representing the amount that the tax authority allows advanced manufacturing enterprises to deduct an additional 5% of their deductible input VAT payables, (iii) interest income from our deposits in banks, and (iv) net exchange gains.

	Year ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Other income					
Government grants	57,635	40,997	30,814	19,033	18,618
Additional VAT deductible	–	16,200	28,826	19,218	15,967
Interest income	7,781	12,368	16,747	9,137	6,417
Gross rental income	4,205	4,380	6,430	4,984	5,490
Dividend income received from equity instruments at FVTOCI	3,200	1,663	3,313	1,819	1,000
VAT refund	3,352	2,790	2,130	1,560	1,716
Subtotal	76,173	78,398	88,260	55,751	49,208
Other gains and losses					
Loss on disposal of property, plant and equipment, net	(3,025)	(2,582)	(7,632)	(1,569)	(505)
Loss on disposal of right-of-use assets	(8)	–	–	–	–
Gain on early termination of leases	20	–	–	–	–
Gain from changes in fair value of financial assets at FVTPL	93	590	6,330	3,652	2,744
Impairment loss on property, plant and equipment	(1,652)	(83)	(5,228)	(435)	(110)
Exchange gains, net	14,683	4,291	8,530	2,912	(760)
Others	4,861	7,725	1,659	2,591	(1,693)
Subtotal	14,972	9,941	3,659	7,151	(324)
Total	91,145	88,339	91,919	62,902	48,884

Selling Expenses

Our selling expenses primarily include (i) salaries, compensation, and benefits for our selling and marketing employees, (ii) business development expenses, and (iii) transportation and travel expenses. Others primarily include depreciation and amortization and utility expenses.

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

	Year Ended December 31,						Nine Months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in RMB in thousands, except for percentages)									
							(Unaudited)			
Employee compensation	176,031	56.0	174,599	53.9	184,449	52.2	130,948	53.8	143,191	50.4
Business development expenses	29,840	9.5	43,528	13.4	48,676	13.8	33,042	13.6	46,636	16.4
Transportation and travel expenses	24,475	7.8	28,536	8.8	29,668	8.4	21,712	8.9	18,663	6.6
Consulting and advisory fees	18,823	6.0	24,959	7.7	30,138	8.5	18,237	7.5	30,673	10.8
Sales service expenses	17,506	5.6	10,353	3.2	12,980	3.7	9,241	3.8	13,656	4.8
Advertising and promotion expenses	21,163	6.7	15,157	4.7	19,438	5.5	7,503	3.1	5,717	2.0
Office and rental expenses	9,180	2.9	8,321	2.6	7,391	2.1	5,110	2.1	8,807	3.1
Others	17,220	5.5	18,480	5.7	20,813	5.8	17,513	7.2	16,527	5.9
Total	**314,238**	**100.0**	**323,933**	**100.0**	**353,553**	**100.0**	**243,306**	**100.0**	**283,870**	**100.0**

The increase in our selling expenses during the Track Record Period was primarily attributable to our increase in operating scale and sales. The decrease of our selling expenses as a percentage of our revenue during the Track Record Period was primarily attributable to economies of scale, as we derived an increasing amount of revenue from major customers who already have an established relationship with us, increasing the effectiveness of our selling expenses.

Administrative Expenses

Our administrative expenses primarily comprise (i) salaries, compensation, and benefits for our employees in administrative functions, (ii) office and rental expenses, which include renovation, utilities and material expenses incurred, and (iii) depreciation and amortization.

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

	Year Ended December 31,						Nine Months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in RMB in thousands, except for percentages)									
							(Unaudited)			
Employee compensation	122,415	49.3	141,204	47.4	160,088	46.3	112,340	52.1	125,286	53.2
Office and rental expenses	29,586	11.9	29,867	10.0	43,181	12.4	25,430	11.8	33,825	14.3
Depreciation and amortization	27,230	10.9	35,559	11.9	38,556	11.2	31,789	14.8	29,928	12.7
Impairment losses on goodwill	—	—	28,665	9.6	36,479	10.6	—	—	—	—
Consulting and advisory fees	18,910	7.6	15,670	5.3	15,659	4.5	13,050	6.0	9,183	3.9
Transportation and travel expenses	5,009	2.1	5,990	2.0	6,277	1.8	4,751	2.2	4,486	2.0
Bank service fees	4,122	1.7	3,969	1.3	5,465	1.6	3,179	1.5	3,479	1.5
Catering expenses	3,543	1.4	3,855	1.3	4,603	1.3	3,237	1.5	2,941	1.2
Property insurance expenses	5,714	2.3	9,250	3.1	5,986	1.7	1,657	0.8	1,964	0.8
Product testing and certification fees	3,754	1.5	1,641	0.6	1,750	0.5	1,218	0.6	1,451	0.6
Others	27,965	11.3	22,203	7.5	27,615	8.1	19,062	8.7	22,767	9.8
Total	**248,248**	**100.0**	**297,873**	**100.0**	**345,659**	**100.0**	**215,713**	**100.0**	**235,310**	**100.0**

The increase in our administrative expenses during the Track Record Period was primarily attributable to our increase in operating scale and sales. Our administrative expenses as a percentage of our revenue during the Track Record Period was relatively stable.

Research and Development Expenses

Our research and development expenses primarily comprise (i) employee compensation for our research and development employees, (ii) testing materials and utilities consumed during the research and development process, and (iii) depreciation and amortization for equipment associated with our research and development activities.

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

	Year Ended December 31,						Nine Months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in RMB in thousands, except for percentages)									
							(Unaudited)			
Employee compensation	168,631	55.1	181,090	58.4	190,062	54.5	135,333	55.7	175,014	53.7
Testing materials & utilities	68,147	22.3	67,477	21.8	92,926	26.6	61,854	25.5	88,107	27.1
Depreciation and amortization	33,105	10.8	14,799	4.7	21,466	6.1	14,153	5.8	16,969	5.2
Product testing and certification fees	9,872	3.2	12,875	4.2	18,023	5.2	13,634	5.6	22,278	6.8
Patent fees and consulting fees	6,842	2.2	7,916	2.6	9,515	2.7	5,079	2.1	4,802	1.5
Others	19,211	6.4	25,805	8.3	16,702	4.9	13,051	5.3	18,518	5.7
Total	**305,808**	**100.0**	**309,962**	**100.0**	**348,694**	**100.0**	**243,104**	**100.0**	**325,688**	**100.0**

The increase in our research and development expenses during the Track Record Period was primarily attributable to our intensifying R&D efforts, which required adequately compensating our employees, procuring raw materials and conducting relevant testing and certification.

Share of Results of Associates

Our share of results of associates represents our proportionate share of the net profit or loss of the associates in which we have significant influence but do not exercise control. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, share of results of associates amounted to RMB6.1 million, RMB9.9 million, RMB9.8 million and RMB9.3 million and RMB4.2 million.

Finance Costs

Our finance costs mainly include interest on bank borrowings and interest on lease liabilities. Finance costs amounted to RMB89.6 million, RMB66.8 million, RMB60.4 million RMB44.9 million and RMB39.3 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net primarily represent provisions for expected credit losses on trade receivables, contract assets, and other receivables. Impairment losses on financial assets, net amounted to RMB23.9 million, RMB15.4 million, RMB29.9 million RMB7.5 million and RMB9.9 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Income Tax Expenses

Our income tax expenses comprise current tax and deferred tax. See Note 10 to the Accountants' Report in Appendix I to this prospectus. We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of our Group are domiciled and operate.

Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in Chinese mainland was calculated at the statutory tax rate of 25% on the assessable profits during the Track Record Period. Several of our subsidiaries in Chinese mainland were qualified as high-tech enterprises. Accordingly, they enjoyed a preferential income tax rate of 15% for the Track Record Period. Several subsidiaries in PRC were qualified as small and micro-sized enterprises, which also enjoyed preferential tax rates.

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the Track Record Period. The income tax rate for companies incorporated in Vietnam is generally 20%, except those which are subject to tax concession. Income tax expenses amounted to RMB67.1 million, RMB115.2 million, RMB153.4 million RMB103.1 million and RMB152.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Profit for the Year

During the Track Record Period, we experienced significant growth in net profit, which increased from RMB660.2 million in 2022 to RMB757.7 million in 2023 and further to RMB920.5 million in 2024. Our net profit increased from RMB709.2 million for the nine months ended September 30, 2024 to RMB883.3 million for the nine months ended September 30, 2025. The increase in our net profit are primarily driven by the increase in our revenue as we expanded our product portfolio to meet growing demands for our products across different industry lines. Such increase are also contributed to optimization of our costs management mainly due to improving unit economics attributable to our continuous R&D, increase in automation and operating efficiency and product mix optimization, particularly as we expanded sales of high-speed copper cables and NEV related products.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Nine Month Ended September 30, 2025 Compared to Nine Month Ended September 30, 2024

Revenue

Our revenue increased by 26.2% from RMB4,815.5 million in the nine months ended September 30, 2024 to RMB6,076.7 million in the nine months ended September 30, 2025. Such increase was primarily attributable to the increase in revenue from (i) telecoms cable products, (ii) electronic materials products, (iii) NEV power transmission products and (iv) electrical cable accessories products.

The increase in revenue from our telecoms cable products line from RMB1,197.0 million in the nine months ended September 30, 2024 to RMB1,894.6 million in the nine months ended September 30, 2025 was mainly due to the increase in sales volume, primarily that of high-speed copper cables, increasing from 58.2 million meters to 247.0 million meters. This increase in sales volume is attributed to the advancements in interconnection technology driven by developments in artificial intelligence and high-performance computing, which have led to increased demand for our products.

The increase in revenue from our electronic materials product line from RMB1,839.2 million in the nine months ended September 30, 2024 to RMB2,043.9 million in the nine months ended September 30, 2025 was mainly due to the increase in sales volume, especially that of our heat-shrinkable tubing increasing from 2,724.1 million meters to 2,897.7 million meters and dual-wall tubing from 356.5 million meters to 436.3 million meters. Such an increase in sales volume was primarily attributable to the growth in market demand, stemming from the rapid development of relevant industries, as well as our increased supply capacity due to the automation upgrades of our production equipment and improved utilization rates.

The increase in revenue from our NEV power transmission product line from RMB917.1 million in the nine months ended September 30, 2024 to RMB1,159.5 million in the nine months ended September 30, 2025 was mainly due to the increase in sales volume, primarily that of NEV charging products from 1.6 million units to 1.9 million units. Such an increase in sales volume was primarily attributable to the increased market demand for our products, driven by the rapid growth in production and sales of new energy vehicles, as well as the support of industry policies for charging infrastructure.

The increase in revenue from telecoms cable accessories products from RMB631.9 million in the nine months ended September 30, 2024 to RMB741.0 million in the nine months ended September 30, 2025 was mainly due to the increase in sales volume, increasing from 8.0 million sets to 9.3 million sets. Such an increase in sales volume was primarily attributable to the growth in market demand for new energy, supported by national policy initiatives, as well as ongoing investments in the power grid that have led to an increase in demand for traditional power equipment.

Cost of sales

Our cost of sales increased by 26.4% from RMB3,320.8 million in the nine months ended September 30, 2024 to RMB4,198.9 million in the nine months ended September 30, 2025, primarily due to the increase in costs of raw materials, direct labor costs and other costs in the nine months ended September 30, 2025.

Gross profit

Our gross profit increased from RMB1,494.7 million in the nine months ended September 30, 2024 to RMB1,877.7 million in the nine months ended September 30, 2025, largely in line with our growth in revenue, as we benefited from the increase in our economies of scale and operating efficiency. Such an increase was primarily attributable to the increase in gross profit from (i) telecom scable products, and (ii) electronic materials product. Our gross profit margin was 31.0% and 30.9% in the nine months ended September 30, 2024 and 2025, respectively.

Our gross profit from our electronic materials product line increased from RMB651.6 million in the nine months ended September 30, 2024 to RMB812.1 million in the nine months ended September 30, 2025, and our gross profit margin from the same product line increased from 35.4% to 39.7%, primarily because of the increased sales proportion of higher-margin electronic materials products, as well as improved cost control and economies of scale resulting from increased production volume.

Our gross profit from our telecoms cable product line increased from RMB198.3 million in the nine months ended September 30, 2024 to RMB399.9 million in the nine months ended September 30, 2025, and our gross profit margin from the same product line increased from 16.6% to 21.1%, primarily due to the increase in sales volume of higher value-added products, including high-speed copper cables.

Our gross profit from our NEV power transmission product line increased from RMB228.3 million in the nine months ended September 30, 2024 to RMB249.9 million in the nine months ended September 30, 2025, while our gross profit margin from the same product line decreased from 24.9% to 21.6%, primarily due to the increased sales proportion of lower-margin NEV charging products, as well as intensified competition across the NEV industry , which exerted downward pressure on overall pricing and margins.

Our gross profit from our electrical cable accessories products increased from RMB262.4 million in the nine months ended September 30, 2024 to RMB269.7 million in the nine months ended September 30, 2025, while our gross profit margin from the same product line decreased from 41.5% to 36.4%, primarily due to changes in product mix and pricing dynamics amid intensified market competition.

Our gross profit from our wind power business decreased from RMB79.3 million in the nine months ended September 30, 2024 to RMB62.1 million in the nine months ended September 30, 2025, and our gross profit margin from the same business decreased from 68.1% to 61.4%, primarily due to less favorable wind conditions during the period, which resulted in lower electricity generation, while the fixed cost base of our wind power facilities remained relatively stable.

Our gross profit from our other business increased from RMB74.8 million in the nine months ended September 30, 2024 to RMB84.0 million in the nine months ended September 30, 2025, while our gross profit margin from the same product line decreased from 65.7% to 61.5%, primarily due to changes in product mix.

Other Income, Gains and Losses

Our other income and gains decreased from RMB62.9 million in the nine months ended September 30, 2024 to RMB48.9 million in the nine months ended September 30, 2025. This decrease was mainly due to the decrease in: (i) interest income, which decreased from RMB9.1 million in the nine months ended September 30, 2024 to RMB6.4 million in the nine months ended September 30, 2025 (ii) additional value added tax deductible, which decreased from RMB19.2 million in the nine months ended September 30, 2024 to RMB16.0 million in the nine months ended September 30, 2025.

Selling expenses

Our selling expenses increased by 16.7% from RMB243.3 million in the nine months ended September 30, 2024 to RMB283.9 million in the nine months ended September 30, 2025. This increase was mainly due to the increase in: (i) employee compensation, primarily due to the expansion of our sales and service teams and the growth in salaries, wages, and bonuses for the sales staff; and (ii) business development expenses, generally in line with the expansion of our sales volume.

Administrative expenses

Our administrative expenses increased by 9.1% from RMB215.7 million in the nine months ended September 30, 2024 to RMB235.3 million in the nine months ended September 30, 2025. This increase was mainly due to the increase in: (i) employee compensation, primarily due to headcount growth and salary increases for administrative staff; (ii) office and rental expenses, primarily due to the expansion of office space and related outfitting costs; and (iii) depreciation and amortization, primarily generated from our newly operational production bases in Wuhan and Huizhou.

Research and development expenses

Our research and development expenses increased by 34.0% from RMB243.1 million in the nine months ended September 30, 2024 to RMB325.7 million in the nine months ended September 30, 2025. This increase was mainly due to the increase in: (i) employee compensation, primarily due to the growth in the number of R&D personnel, along with increases in salaries and bonuses; (ii) testing materials and utilities, primarily as a result of increased usage of materials for new product development and testing; and (iii) depreciation and amortization, primarily due to the increase in R&D testing activities and the corresponding rise in the use of equipment, leading to higher depreciation expenses.

Share of Results of Associates

Share of results of associates decreased from RMB9.3 million in the nine months ended September 30, 2024, to RMB4.2 million in the nine months ended September 30, 2025, primarily due to our subsidiary Shenzhen Heat-Shrinkable made an additional investment in its associate company, obtained control, and, as a result, the entity was no longer accounted for using the equity method but was consolidated as a subsidiary.

Finance Costs

Our finance costs decreased from RMB44.9 million in the nine months ended September 30, 2024, to RMB39.3 million in the nine months ended September 30, 2025, primarily due to a general decline in loan interest rates.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net increased from RMB7.5 million in the nine months ended September 30, 2024, to RMB9.9 million in the nine months ended September 30, 2025, mainly due to mainly due to the increase in impairment provisions for trade receivables resulting from the growth in revenue and the corresponding increase of our accounts receivable balance.

Income Tax Expense

Our income tax expense increased from RMB103.1 million in the nine months ended September 30, 2024, to RMB152.8 million in the nine months ended September 30, 2025, mainly due to the increase in profit before income tax.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 24.5% from RMB709.2 million in the nine months ended September 30, 2024, to RMB883.3 million in the nine months ended September 30, 2025.

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

Revenue

Our revenue increased from RMB5,718.8 million in 2023 to RMB6,920.1 million in 2024. Such increase was primarily attributable to the increase in revenue from (i) telecoms cable products, (ii) electronic materials products, and (iii) NEV power transmission products, partially offset by a decrease in revenue from electrical cable accessories products.

The increase in revenue from our telecoms cable product line from RMB1,164.5 million to RMB1,702.3 million was mainly due to the increase in sales volume, primarily that of high-speed copper cables, increasing from 27.8 million meters to 100.0 million meters, and the increase in the average selling price of industrial cables from RMB0.6/meter to RMB0.7/meter. Such an increase in sales volume was primarily attributable to our success in our proactive product mix adjustment, where we increased the sales of premium products, e.g., high-speed copper cables, due to the market's rapid increase in demand of computing infrastructure.

The increase in revenue from our electronic materials product line from RMB2,198.3 million to RMB2,599.4 million was mainly due to the increase in sales volume, especially that of our heat-shrinkable tubing increasing from 3,566.3 million meters to 3,799.9 million meters and dual-wall tubing from 406.6 million meters to 503.3 million meters. Such an increase in sales volume was primarily attributable to strong demand from customers in the automotive, electronics, and medical industries.

The increase in revenue from our NEV power transmission product line from RMB1,082.4 million to RMB1,381.4 million was mainly due to the increase in sales volume, primarily that of AC/DC charging sockets from 0.4 million units to 0.8 million units, and the increase in the average selling price of power battery safety protection products from RMB1.49/piece to RMB1.54/piece. Such an increase in sales volume was primarily driven by strong demand from customers in the NEV industry, which was in turn attributable to policy support, technological development and growing market acceptance.

The decrease in revenue from our electrical cable accessories products from RMB953.5 million to RMB927.0 million was mainly due to the decrease in sales volume, primarily that of cold-shrinkable and heatshrinkable cable accessories decreasing from 9.3 million sets to 9.1 million sets. Such a decrease in sales volume was primarily attributable to the fluctuation in the demand arising from grid and station construction in 2024.

Cost of Sales

Our cost of sales increased from RMB3,930.2 million in 2023 to RMB4,809.7 million in 2024, primarily due to the increase in costs of raw materials and direct labor in 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB1,788.6 million in 2023 to RMB2,110.4 million in 2024, largely in line with our growth in revenue, as we benefited from the increase in our economies of scale and operating efficiency and the decrease in the price of certain raw materials, primarily EVA. Such an increase was primarily attributable to the increase in gross profit from (i) electronic materials products, (ii) telecoms cable products and (iii) NEV power transmission products, partially offset by the decrease in gross profit of electrical cable accessories products. Our gross profit margin slightly decreased from 31.3% in 2023 to 30.5% in 2024.

Our gross profit from our electronic materials product line increased from RMB787.3 million in 2023 to RMB1,015.1 million in 2024, and our gross profit margin from the same product line increased from 35.8% to 39.1%, primarily because of the increased sales proportion of high-margin medical electronic material products, driven by our enriched medical electronic material portfolio, such as medical silicone tubes and guidewire tubes, the increase in the average selling price of our electronic material products from RMB 0.53/meter to RMB 0.58/meter due to rising market demand, and decrease in raw material price, primarily EVA.

Our gross profit from our telecoms cable product line increased from RMB173.5 million in 2023 to RMB278.8 million in 2024, and our gross profit margin from the same product line increased from 14.9% to 16.4%, primarily because of the decline in average production costs, which was driven by the economies of scale achieved through a significant increase in the sales of high-speed copper cables from 27.8 million meters to 100.0 million meters, leading to cost allocation across a larger output base and a subsequent reduction in unit costs.

Our gross profit from our NEV power transmission product line increased from RMB286.4 million in 2023 to RMB321.2 million in 2024, and our gross profit margin from the same product line decreased from 26.5% to 23.3%, primarily because of the change in our product mix, in which the sale of charging guns with lower margin increased due to rapid increase in market demand and in turn increased its revenue contribution in this product line and the increased in the average costs of power battery safety protection products resulted from process optimization to meet customer requirements.

Our gross profit from our electrical cable accessories products decreased from RMB393.5 million in 2023 to RMB342.3 million in 2024, and our gross profit margin from the same product line decreased from 41.3% to 36.9%, primarily because of our proactive selling price reductions aimed at attracting more customers and maintaining competitiveness, amid shrinking demand and intensified competition in the new energy sector in 2024.

Our gross profit from our wind power business decreased from RMB109.9 million in 2023 to RMB101.8 million in 2024, and our gross profit margin from the same product line decreased from 69.3% to 67.1%, primarily due to the impact of weather conditions, which resulted in reduced wind-generated electricity and, with costs for the power stations remaining relatively stable, consequently led to a decrease in gross profit.

Our gross profit from our others increased from RMB38.0 million in 2023 to RMB51.2 million in 2024, and our gross profit margin from the same product line increased from 23.5% to 32.3%, primarily because of the increased proportion of our sales of standard MES and MOM platforms. These standard platforms, which are standardized and already fully established were distributed directly as finished products without further processing and therefore at comparatively lower cost, and accordingly achieved a higher gross profit margin compared to platforms that require customized research and development.

Other Income, Gains and Losses

Other income, gains and losses increased from RMB88.3 million in 2023 to RMB91.9 million in 2024. This increase was mainly due to the increase in: (i) additional VAT deductible, which increased from RMB16.2 million in 2023 to RMB28.8 million in 2024; (ii) gain from changes in fair value of financial assets at FVTPL, which increased from RMB0.6 million in 2023 to RMB6.3 million in 2024, and (iii) interest income, which increased from RMB12.4 million in 2023 to RMB16.7 million in 2024, primarily due to higher cash balances and improved returns on deposits.

Such an increase was mitigated primarily by a decrease in government grants from RMB41.0 million in 2023 to RMB30.8 million in 2024, as fewer subsidies were received during the year.

Selling Expenses

Selling expenses increased from RMB323.9 million in 2023 to RMB353.6 million in 2024. This increase was mainly due to the increase in: (i) employee compensation, which increased from RMB174.6 million in 2023 to RMB184.4 million in 2024, primarily due to the expansion of our sales team and rising salary in line with our business growth; (ii) consulting and advisory fees, which increased from RMB25.0 million in 2023 to RMB30.1 million in 2024, as we utilized more external consulting services given our business needs for selling and promoting activities; and (iii) business development expenses, which increased from RMB43.5 million in 2023 to RMB48.7 million in 2024, reflecting our increase in business scale and customer base.

Administrative Expenses

Administrative expenses increased from RMB297.9 million in 2023 to RMB345.7 million in 2024. This increase was mainly due to the increase in: (i) employee compensation, which increased from RMB141.2 million in 2023 to RMB160.1 million in 2024, primarily due to the growing size of our administrative team and rising salary, (ii) office and rental expenses, which increased from RMB29.9 million to RMB43.2 million, primarily due to increase in rental expenses and utilities to support our administrative functions, and (iii) impairment losses on goodwill, which increased from RMB28.7 million in 2023 to RMB36.5 million in 2024, reflecting the reassessment of goodwill associated with the acquisition of Shenzhen Orbit based on its performance after acquisition.

Research and Development Expenses

Our research and development expenses increased from RMB310.0 million in 2023 to RMB348.7 million in 2024. This increase was mainly due to the increase in: (i) testing materials and utilities, which increased from RMB67.5 million in 2023 to RMB92.9 million in 2024, primarily as a result of increased usage of materials for new product development and testing, (ii) employee compensation, which increased from RMB181.1 million in 2023 to RMB190.1 million in 2024, primarily due to the expansion of our R&D team and salary adjustments, (iii) depreciation and amortization, which increased from RMB14.8 million in 2023 to RMB21.5 million in 2024, primarily due to the amortization of software and IT system and the depreciation of R&D equipments; and (iv) product testing and certification fees, which increased from RMB12.9 million in 2023 to RMB18.0 million in 2024, reflecting the growing scale of testing requirements for newly developed products.

Share of Results of Associates

Share of results of associates remained stable at RMB9.9 million in 2023 and RMB9.8 million in 2024.

Finance Costs

Our finance costs remained stable at RMB66.8 million in 2023 and RMB60.4 million in 2024.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net increased from RMB15.4 million in 2023 to RMB29.9 million in 2024, mainly due to the increase in our trade receivables balance as of December 31, 2024 as a result of our revenue increase in 2024.

Income Tax Expense

Our income tax expense increased from RMB115.2 million in 2023 to RMB153.4 million in 2024, mainly due to the increase in profit before income tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB757.7 million in 2023 to RMB920.5 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased from RMB5,336.6 million in 2022 to RMB5,718.8 million in 2023. Such an increase was primarily attributable to the increase in revenue from (i) NEV power transmission products, (ii) electrical cable accessories products, and (iii) electronic materials products, partially offset by a decrease in revenue from telecoms cable products.

The increase in revenue from our NEV power transmission product line from RMB823.9 million in 2022 to RMB1,082.4 million in 2023 was mainly due to the increase in sales volume, primarily that of charging guns increasing from 388.3 thousand units to 745.1 thousand units, and the increase in the average selling price of power battery safety protection products from RMB1.2/piece to RMB1.5/piece. Such an increase in sales volume was primarily driven by strong demand from customers in the NEV industry, which was in turn attributable to policy support, technological development and increasing market acceptance.

The increase in revenue from our electrical cable accessories products from RMB781.1 million in 2022 to RMB953.5 million in 2023 was mainly due to the increase in sales volume, primarily that of cold-shrinkable and heatshrinkable cable accessories increasing from 8.7 million sets to 9.3 million sets cable accessories. Such an increase in sales volume was primarily attributable to the increase in the demand arising from grid and station construction in 2023.

The increase in revenue from our electronic materials product line from RMB2,104.9 million in 2022 to RMB2,198.3 million in 2023 was mainly due to the increase in sales volume, primarily that of heat-shrinkable tubing increasing from 3.1 million meters to 3.6 million meters. Such an increase in sales volume was primarily attributable to strong demand from customers in the automotive industry.

The decrease in revenue from telecoms cable products from RMB1,362.4 million in 2022 to RMB1,164.5 million in 2023 was mainly due to the decrease in sales volume, primarily that of electronic wires and cables from 86.9 million meters to 64.7 million meters. Such a decrease in sales volume of electronic wires and cables was primarily attributable to our proactive product mix adjustment where we, having identified evolving market trend, proactively focused on the research and manufacturing of premium products that we believe have strong growth potential in emerging application scenarios and pivoted away from the production and sale of other products.

Cost of Sales

Our cost of sales increased from RMB3,724.7 million in 2022 to RMB3,930.2 million in 2023, primarily due to the increase in costs of raw materials and direct labor in 2023.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB1,612.0 million in 2022 to RMB1,788.6 million in 2023, largely in line with our growth in revenue, as we benefit from the increase in our economies of scale and operating efficiency and the decrease in the price of certain raw materials, primarily EVA. Such an increase was primarily attributable to the increase in gross profit from (i) electronic materials products, (ii) electrical cable accessories products, and (iii) NEV power transmission products, partially offset by the decrease in gross profit from telecoms cable products. Our gross profit margin slightly increased from 30.2% in 2022 to 31.3% in 2023.

Our gross profit from our electronic materials product line increased from RMB686.2 million in 2022 to RMB787.3 million in 2023, and our gross profit margin from the same product line increased from 32.6% to 35.8%, primarily because of the increased sales proportion of high-margin medical electronic material products, driven by growing acceptance and increased purchase of our self-developed medical heat-shrinkable tubing among healthcare enterprise clients and decrease in raw material price, primarily EVA.

Our gross profit from our electrical cable accessories products increased from RMB300.0 million in 2022 to RMB393.5 million in 2023, and our gross profit margin from the same product line increased from 38.4% to 41.3%, primarily because of the increased sales proportion of high-margin cable accessories products for solar and wind power applications, driven by national policy incentives that accelerated grid upgrades and new energy base construction, thereby boosting demand for high-resistant cable accessories and decrease in raw material price, primarily rubber.

Our gross profit from our NEV power transmission product line increased from RMB240.2 million in 2022 to RMB286.4 million in 2023, and our gross profit margin from the same product line decreased from 29.2% to 26.5%, primarily because of the change in our product mix, in which the sale of charging guns increased due to rapid increase in market demand and in turn increased its revenue contribution in this product line.

Our gross profit from our telecoms cable product line decreased from RMB259.9 million in 2022 to RMB173.5 million in 2023, and our gross profit margin from the same product line decreased from 19.1% to 14.9%, primarily because of our product mix optimization, where we, having identified evolving market trend, proactively focused on the research and manufacturing of premium products that we believe have strong growth potential in emerging application scenarios and pivoted away from the production and sale of other products, resulting in a decrease in utilization rate, allowing us to subsequently increase the sales of premium products in 2024.

Our gross profit from our wind power business increased from RMB98.3 million in 2022 to RMB109.9 million in 2023, and our gross profit margin from the same product line increased from 67.0% to 69.3%, primarily due to the impact of weather conditions, which resulted in increased wind-generated electricity and, with costs for the power stations remaining relatively stable, consequently led to an increase in gross profit.

Our gross profit from our others increased from RMB27.5 million in 2022 to RMB38.0 million in 2023, and our gross profit margin from the same product line remain stable 23.4% and 23.5%, respectively.

Other Income, Gains and Losses

Other income, gains and losses decreased from RMB91.1 million in 2022 to RMB88.3 million in 2023. This decrease was mainly due to: (i) government grants, which decreased from RMB57.6 million in 2022 to RMB41.0 million in 2023, as fewer subsidies were received during the year; and (ii) net exchange gains, which decreased from RMB14.7 million in 2022 to RMB4.3 million in 2023.

Such a decrease was mitigated primarily by an increase in additional VAT deductible from nil to RMB16.2 million that we are entitled to given our status as an advanced manufacturing enterprise.

Selling Expenses

Selling expenses increased from RMB314.2 million in 2022 to RMB324.0 million in 2023. This increase was mainly due to the increase in: (i) business development expenses, which increased from RMB29.8 million in 2022 to RMB43.5 million in 2023, reflecting or increase in business scale and customer base; (ii) consulting and advisory fees, which increased from RMB18.8 million in 2022 to RMB25.0 million in 2023, as we obtained more external consultant advice to support our increase in business scale and implement our development strategies; and (iii) transportation and travel expenses, which increased from RMB24.5 million in 2022 to RMB28.5 million in 2023, reflecting higher logistics and travel costs associated with business expansion.

These increases were partially offset by a decrease in sales service expenses from RMB17.5 million in 2022 to RMB10.4 million in 2023, as we incurred less expenses for installation.

Administrative Expenses

Administrative expenses increased from RMB248.2 million in 2022 to RMB297.9 million in 2023. This increase was mainly due to the increase in: (i) impairment losses on goodwill, which increased from nil in 2022 to RMB28.7 million in 2023, reflecting the reassessment of goodwill associated with the acquisition of Shenzhen Orbit based on its performance after acquisition; (ii) employee compensation, which increased from RMB122.4 million in 2022 to RMB141.2 million in 2023, primarily due to the expansion of our administrative team and rising salary, and (iii) depreciation and amortization, which increased from RMB27.2 million in 2022 to RMB35.6 million in 2023, primarily as a result of additional investments in fixed assets to support business operations.

These increases were partially offset by a decrease in consulting and advisory fees, which decreased from RMB18.9 million in 2022 to RMB15.7 million in 2023, as fewer external consulting services were utilized given our business needs.

Research and Development Expenses

Our research and development expenses increased from RMB305.8 million in 2022 to RMB310.0 million in 2023. This increase was mainly due to: (i) employee compensation, which increased from RMB168.6 million in 2022 to RMB181.1 million in 2023, primarily due to the expansion of our R&D team and rising salary; and (ii) product testing and certification fees, which increased from RMB9.9 million in 2022 to RMB12.9 million in 2023, as we conducted more testing and certifications for new products.

These increases were partially offset by a decrease in depreciation and amortization, which decreased from RMB33.1 million in 2022 to RMB14.8 million in 2023, primarily due to amortization of intangible assets.

Share of Results of Associates

Share of results of associates increased from RMB6.1 million in 2022 to RMB9.9 million in 2023, due to the increase in net profit of our associates.

Finance Costs

Our finance costs decreased from RMB89.6 million in 2022 to RMB66.8 million in 2023. This decrease was primarily due to interest expenses on bank borrowings, which decreased from RMB66.8 million in 2022 to RMB58.2 million in 2023 mainly attributable to the decrease in interest rate. This was partially offset by an increase in interest expenses on lease liabilities, which increased from RMB1.2 million in 2022 to RMB2.2 million in 2023, due to the addition of new lease agreements.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net decreased from RMB23.9 million in 2022 to RMB15.4 million in 2023, mainly due to the change of expected credit loss allowance on trade and other receivables and contract assets.

Income Tax Expense

Our income tax expense increased from RMB67.1 million in 2022 to RMB115.2 million in 2023, mainly due to the increase in profit before income tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB660.2 million in 2022 to RMB757.7 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this prospectus:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	2,721,815	2,837,427	3,055,160	3,620,300
Right-of-use assets	317,937	295,850	487,622	715,318
Goodwill	759,972	731,307	694,828	694,828
Intangible assets	17,724	36,064	25,874	21,459
Investment properties	14,342	15,700	14,321	13,251
Interests in associates	48,424	54,464	57,373	51,231
Equity instruments at fair value through other comprehensive income	161,122	186,346	175,843	125,406
Deferred tax assets	73,247	55,276	61,081	65,830
Contract assets	8,216	4,189	8,016	5,282
Trade and other receivables	62,480	45,716	113,318	243,242
Total non-current assets	**4,185,279**	**4,262,339**	**4,693,436**	**5,556,147**
CURRENT ASSETS				
Inventories	701,251	710,277	865,307	1,139,055
Contract assets	18,728	20,163	32,205	36,251
Trade and other receivables	2,541,348	2,920,745	3,465,350	3,791,039
Tax recoverable	7,566	1,303	596	7,393
Financial assets at fair value through profit or loss	—	60,245	145,169	120,000
Restricted bank deposits	23	4,154	1,264	1,863
Pledged bank deposits	64,721	62,140	59,489	32,989
Bank balances and cash	799,820	939,070	967,510	951,647
Total current assets	**4,133,457**	**4,718,097**	**5,536,890**	**6,080,237**
CURRENT LIABILITIES				
Trade and other payables	1,324,804	1,516,042	1,899,931	2,321,996
Tax payables	46,440	63,457	89,497	84,703
Bank and other borrowings	1,332,271	1,059,933	774,452	1,485,716
Lease liabilities	16,372	4,937	32,980	39,710
Contract liabilities	71,106	90,284	79,306	83,804
Deferred income	8,426	8,325	8,474	7,942
Total current liabilities	**2,799,419**	**2,742,978**	**2,884,640**	**4,023,871**
NET CURRENT ASSETS	**1,334,038**	**1,975,119**	**2,652,250**	**2,056,366**
TOTAL ASSETS LESS CURRENT LIABILITIES	**5,519,317**	**6,237,458**	**7,345,686**	**7,612,513**
NON-CURRENT LIABILITIES				
Deferred tax liabilities	57,075	53,718	62,398	87,492
Bank and other borrowings	554,675	622,632	901,473	826,638
Lease liabilities	37,543	32,338	193,410	178,433
Deferred income	70,630	66,266	60,076	54,254
Total non-current liabilities	**719,923**	**774,954**	**1,217,357**	**1,146,817**
Net assets	**4,799,394**	**5,462,504**	**6,128,329**	**6,465,696**
EQUITY				
Share capital	1,259,899	1,259,899	1,259,899	1,259,899
Reserves	3,082,723	3,647,648	4,274,906	4,913,621
Total equity attributable to owners of the Company	4,342,622	4,907,547	5,534,805	6,173,520
Non-controlling interests	456,772	554,957	593,524	292,176
Total equity	**4,799,394**	**5,462,504**	**6,128,329**	**6,465,696**

Property, Plant and Equipment

Property, plant, and equipment primarily consisted of buildings, plant and machinery, electricity generation and related equipment, leasehold improvements, motor vehicles and construction in progress. The following table sets forth the breakdown of our property, plant, and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	1,057,590	1,058,584	1,166,889	1,131,339
Plant and machinery	605,651	638,124	738,844	1,107,903
Electricity generation and related equipment	726,613	691,631	665,779	674,259
Leasehold improvements	67,373	90,338	95,023	104,447
Motor vehicles	9,107	8,443	8,887	8,093
Construction in progress	255,481	350,307	379,738	594,259
Total	**2,721,815**	**2,837,427**	**3,055,160**	**3,620,300**

Property, plant, and equipment increased from RMB2,721.8 million as of December 31, 2022, to RMB2,837.4 million as of December 31, 2023, primarily due to an increase in construction in progress and plant and machinery, which reflected the expansion of our production capacity to meet customer demand. It subsequently increased to RMB3,055.2 million as of December 31, 2024 primarily due to an increase in buildings and plant and machinery, which reflected the expansion of our production capacity to meet customer demand. It further increased to RMB3,620.3 million as of September 30, 2025, primarily due to an increase in construction in progress, reflecting our investment in the manufacturing bases, and an increase in plant and machinery, reflecting the addition of equipment, mainly to expand our production capacity to meet the rapid growth of our business. For details on our manufacturing bases, see "Business — Our Business — Our Production — Our Manufacturing Bases."

Right-of-Use Assets

Right-of-use assets primarily consisted of land use rights and leased properties.

Our right-of-use assets decreased from RMB317.9 million as of December 31, 2022, to RMB295.9 million as of December 31, 2023, mainly due to depreciation of RMB21.6 million.

Our right-of-use assets increased from RMB295.9 million as of December 31, 2023, to RMB487.6 million as of December 31, 2024. This increase was primarily due to (i) additions of RMB172.8 million, reflecting new leases for office premises, warehouses, and factories to support our expanded business operations; and (ii) a lease modification that added RMB53.5 million. These increases were partially offset by depreciation of RMB34.6 million during the year.

Our right-of-use assets increased from RMB487.6 million as of December 31, 2024 to RMB715.3 million as of September 30, 2025, primarily due to (i) additions to land use rights of RMB249.1 million, primarily attributable to new lease agreements executed by subsidiaries, and (ii) the consolidation of land use rights of RMB4.3 million resulting from the acquisition of a subsidiary.

Goodwill

Our goodwill arose from our acquisition of Shenzhen Orbit and CYG ELECTRONICS. The cost of our goodwill remained unchanged at RMB694.8 million as of December 31, 2022, 2023, 2024 and September 30, 2025. The carrying amount of goodwill decreased from RMB760.0 million as of December 31, 2022 to RMB731.3 million as of December 31, 2023, and further decreased to RMB694.8 million as of December 31, 2024. The carrying amount of goodwill remains unchanged at RMB694.8 million as of September 30, 2025.

These decreases were primarily due to the recognition of impairment losses of RMB28.7 million for 2023 and RMB36.5 million for 2024. We incurred such impairment losses because the recoverable amount based on the value-in-use of the cash-generating unit of Shenzhen Orbit was lower than its carrying amount. Goodwill allocated to CYG Electronics remained unchanged at RMB694.8 million as of December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025. For details of the impairment test for our goodwill during the Track Record Period, please refer to Note 17 to the Accountants' Report in Appendix I to this prospectus.

For the purpose of impairment testing, the carrying amount of goodwill (net of accumulated impairment losses) is allocated to the **CGUs** as follows:

	At December 31,			At September30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Shenzhen Orbit ("**Shenzhen Orbit CGU**")	65,144	36,479	–	–
CYG Electronics **("CYG Electronics CGU")**	694,828	694,828	694,828	694,828
	759,972	731,307	694,828	694,828

In addition to goodwill above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGUs for the purposes of impairment assessment.

The recoverable amounts of the CGUs are determined based on value-in-use calculations based on cash flow forecasts derived from the estimated future cash flows covering a 5-year period and with the beyond budgeted period using zero growth rate approved by the directors of the Company.

The key assumptions used in the estimation of value in use are as below:

	At December 31,			At September 30,
	2022	2023	2024	2025
Shenzhen Orbit CGU				
Revenue (average growth rate)	16.36%	9.33%	3.00%	N/A
Pre-tax discount rate	14.87%	13.25%	13.00%	N/A
CYG Electronics CGU				
Revenue (average growth rate)	3.63%	3.53%	3.56%	2.58%
Pre-tax discount rate	12.70%	12.90%	12.80%	12.76%

The directors of the Company have determined the values assigned to each of the key assumptions as follows:

- Average revenue growth rate over the five-year forecast period is based on past performance and management's expectation of market development; and

- Pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the CGUs.

Impact of possible changes in key assumptions

The recoverable amount of Shenzhen Orbit CGU was estimated to exceed its carrying amount as at December 31, 2022 by approximately RMB3,793,000. The recoverable amount of Shenzhen Orbit CGU was estimated to be lower than its carrying amount as at December 31, 2023 and 2024 and impairment of goodwill of RMB28,665,000 and RMB36,479,000 were recognized for the years ended December 31, 2023 and 2024 respectively. No other impairment of assets of Shenzhen Orbit CGU is considered necessary.

The recoverable amount of CYG Electronics CGU is estimated to exceed its carrying amount at December 31, 2022, 2023 and 2024 and September 30, 2025 by approximately RMB116,018,000, RMB317,513,000, RMB526,004,000 and RMB1,148,655,000 respectively.

Management have undertaken sensitivity analysis on the impairment test of goodwill. The recoverable amount of each CGU would equal its carrying amount (net of impairment loss) if each key assumption was to change as follows with all other variables held constant:

	At December 31,			At September 30,
	2022	2023	2024	2025
Shenzhen Orbit CGU				
Revenue (average growth rate)	16.22%	Note (i)	N/A	N/A
Pre-tax discount rate	15.49%	Note (ii)	N/A	N/A
CYG Electronics CGU				
Revenue (average growth rate)	3.47%	3.13%	2.98%	1.90%
Pre-tax discount rate	13.45%	14.92%	15.98%	17.84%

Notes:

(i) As at December 31, 2023, if the revenue average growth rate was changed to 8.33%, while other parameters remain constant, the recoverable amount of Shenzhen Orbit CGU would be reduced to RMB28,999,000 and a further impairment of goodwill of RMB21,691,000 would be recognized.

(ii) As at December 31, 2023, if the discount rate was changed to 14.25%, while other parameters remain constant, the recoverable amount of Shenzhen Orbit CGU would be reduced to RMB58,921,000 and a further impairment of goodwill of RMB3,737,000 would be recognized.

(iii) Apart from the considerations described in determining the value-in-use of the CGUs above, the management of the Group believe that no reasonably possible change in any of the above key assumptions would cause the CGU's recoverable amount to fall below its carrying amount.

Intangible Assets

Our intangible assets primarily consisted of trademarks, patents and software. Our intangible assets increased from RMB17.7 million as of December 31, 2022 to RMB36.1 million as of December 31, 2023, primarily due to the addition of our internally generated patent assets. Our intangible assets decreased to RMB25.9 million as of December 31, 2024, primarily due to amortization. Our intangible assets further decreased to RMB21.5 million as of September 30, 2025, primarily due to amortization resulting in a reduction in the carrying amount of intangible assets. Please also see Note 18 to the Accountants' Report in Appendix I to this prospectus.

Investment Properties

Our investment properties primarily consisted of buildings and structures held for investment purposes. Investment properties increased from RMB14.3 million as of December 31, 2022 to RMB15.7 million as of December 31, 2023, primarily because we leased out certain of our vacant properties due to production capacity relocation. Investment properties decreased to RMB14.3 million as of December 31, 2024 primarily due to amortization. Investment properties further decreased to RMB13.3 million, primarily due to amortization resulting in a reduction in the carrying amount of investment properties. Please also see Note 19 to the Accountants' Report in Appendix I to this prospectus.

Interests in Associates

We have invested in a number of associates. As of December 31, 2022, 2023, 2024 and September 30, 2025, the carrying amounts of our interests in associates amounted to RMB48.4 million, RMB54.5 million, RMB57.4 million and RMB51.2 million, respectively.

Equity Instruments at Fair Value through Other Comprehensive Income

Equity instruments at fair value through other comprehensive income primarily consisted of investments in listed and unlisted equity. Such investments were classified with Level 1 and Level 3 fair value measurement as appropriate. Equity instruments at fair value through other comprehensive income increased from RMB161.1 million as of December 31, 2022 to RMB186.3 million as of December 31, 2023, mainly due to the increase in the fair value of such equity instruments. Equity instruments at fair value through other comprehensive income slightly decreased to RMB175.8 million as of December 31, 2024 mainly due to the decrease in the fair value of such equity instruments. Equity instruments at fair value through other comprehensive income further decreased to RMB125.4 million as of September 30, 2025, primarily due to the disposal of certain equity instruments during the period.

Deferred Tax Assets

Our deferred tax assets decreased from RMB73.2 million as of December 31, 2022 to RMB55.3 million as of December 31, 2023, mainly due to a reduction in changes in fair value and the tax-accounting difference of lease liabilities. It increased to RMB61.1 million as of December 31, 2024, mainly due to a reduction in changes in fair value and the tax-accounting difference of lease liabilities. It further increased to RMB65.8 million as of September 30, 2025, mainly due to the increase in deferred tax assets recognized in connection with higher impairment provisions on trade receivables and inventories, which were primarily attributable to the growth in revenue during the period.

Inventories

Our inventories primarily consisted of finished goods, raw materials and consumables, and work in progress. The following table sets forth the breakdown of our inventories as of the date indicted:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumables	244,221	238,081	292,617	466,146
Work in progress	23,673	22,889	27,532	35,934
Finished goods	433,357	449,307	545,158	636,975
Total	**701,251**	**710,277**	**865,307**	**1,139,055**
(Inventory written-down recognized for the years/period)	13,766	17,514	25,378	28,948

Our inventories increased from RMB701.3 million as of December 31, 2022, to RMB710.3 million as of December 31, 2023, primarily attributable to an increase in finished goods from RMB433.4 million to RMB449.3 million to meet growing customer demand, partially offset by a decrease in raw materials and consumables from RMB244.2 million to RMB238.1 million due to the decrease in raw material price, primarily EVA. Our inventories further increased from RMB710.3 million as of December 31, 2023, to RMB865.3 million as of December 31, 2024. Such increase was primarily attributable to (i) an increase in finished goods due to increased production to support sales growth; and (ii) an increase in raw materials and consumables, reflecting higher procurement in anticipation of production needs. Our inventories increased from RMB865.3 million as of December 31, 2024 to RMB1,139.1 million as of September 30, 2025, primarily attributable to (i) an increase in raw materials and consumables, due to the enhancement of raw material reserves to meet growing market demand and mitigate the potential impact of fluctuations in raw materials supply; and (ii) an increase in finished goods due to increased production to support the expansion of our business.

The following is an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
Within 1 year	672,456	680,108	847,010	1,106,875
Over 1 year	28,795	30,169	18,297	32,180
Total	701,251	710,277	865,307	1,139,055

The following table sets forth a summary of our inventories turnover days for the years/periods indicated:

	Year Ended December 31,			Nine Months ended September 30,
	2022	2023	2024	2025
Inventories turnover days*	63.6	65.5	59.9	65.2

Note:

* Inventories turnover days were calculated based on the arithmetic mean of opening and closing balance of inventories for the relevant year/period, divided by our cost of sales for the same year/period and multiplied by (i) 365 days for 2022, 2023 and 366 for 2024, and (ii) 273 days for the nine months ended September 30, 2025.

Our inventories turnover days were 63.6 days, 65.5 days, 59.9 days and 65.2 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. The increase of our inventories turnover days from 2022 to 2023 was mainly due to our increase in inventory reserves to meet higher sales demand given our revenue growth. The decrease of our inventories turnover days from 2023 to 2024 was mainly due to our rapid increase in revenue in 2024, where the growth in cost of sales significantly outpaced the growth in inventory.

As of December 31, 2025, RMB741.1 million, or 62.3% of our inventories outstanding as of September 30, 2025, was subsequently utilized. Based on our assessments during the Track Record Period, we have made adequate provisions for our inventories to account for potential uncertainties.

Trade and Other Receivables

Our trade and other receivables primarily represented trade receivables and bills receivables, which represents receivables arising from the sales of products and provision of services to our customers, and other receivables, primarily comprising accounts deposits and security deposits and prepaid expenses. All bills received by us have a maturity period of less than one year. The following table sets forth the breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,904,347	2,300,451	2,652,617	2,926,705
Bills receivables	537,350	549,187	701,546	746,894
Other receivables	294,835	265,963	399,824	542,296
(Less): Expected credit loss allowance	(132,704)	(149,140)	(175,319)	(181,614)
Trade and Other Receivables, net	**2,603,828**	**2,966,461**	**3,578,668**	**4,034,281**

Our gross trade and bill receivables increased from RMB2,441.7 million as of December 31, 2022 to RMB2,849.6 million as of December 31, 2023, and further increased to RMB3,354.2 million as of December 31, 2024 and to RMB3,673.6 million as of September 30, 2025, which was generally in line with the increase in our revenue for the same years and periods.

Expected credit loss allowance on trade and other receivables increased from RMB132.7 million as of December 31, 2022, to RMB149.1 million as of December 31, 2023, and further to RMB175.3 million as of December 31, 2024, reflecting higher trade receivables given our revenue increase. The expected credit loss allowance on trade and other receivables increased to RMB181.6 million as of September 30, 2025.

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	1,173,661	1,449,662	1,683,335	1,924,852
Over 3 months but within 6 months	317,606	308,621	300,948	520,598
Over 6 months but within 9 months	68,779	89,921	88,908	103,426
9 months to 1 year	110,403	168,923	212,088	62,069
1 year to 2 years	105,712	121,374	153,021	114,997
2 years to 3 years	6,390	21,463	51,445	29,859
Trade receivables, net	**1,782,551**	**2,159,964**	**2,489,745**	**2,755,801**

The following table sets forth a summary of our trade receivables turnover days for the years/periods indicated:

	Year Ended December 31,			Nine Months ended September 30,
	2022	2023	2024	2025
Trade receivables turnover days*	120.5	125.8	123.0	117.8

Note:

* Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant years/period, divided by the revenue for the same year/period and multiplied by (i) 365 days for 2022, 2023 and 366 for 2024, and (ii) 273 days for the nine months ended September 30, 2025.

Our trade receivables turnover days were 120.5 days, 125.8 days, 123.0 days and 117.8 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, remaining relatively stable throughout the Track Record Period.

During the Track Record Period, many of our customers are large companies engaging in power generation and/or transmission industries, or companies with leading industry positions, who enjoy strong pricing power and are generally hold good credit worthiness and financial position. As a result, we may grant them extended credit period which further contributed to the long trade receivable turnover days.

We closely monitor development of our outstanding receivable and take proactive measures to minimize credit risks, as well as liquidity risks associated therein. In particular, our senior management regularly reviews the recoverability of our outstanding balances and, when appropriate, provides for impairment of these trade receivables. We also made individual assessment on the recoverability of our trade receivables for certain customers based on historical settlement record. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with us and other indicators of severe financial difficulties. We adopt stringent internal measures to enhance the collection and management of trade receivables. We fully recognize the fact that many of our customers are large companies engaging in power generation and/or transmission industries, or companies with leading industry positions. To the best knowledge of our Directors, they enjoy strong pricing power and are generally hold good credit worthiness and financial position. However, we set the collection of trade receivable as performance appraisal indicators to our sales team and relevant management members, and encourage them to actively approach clients to speed up payment.

As of December 31, 2025, RMB 2,001.7 million or 68.4% of our trade receivables outstanding as of September 30, 2025, was subsequently settled. Based on our assessments during the Track Record Period, we have made adequate provisions for our trade receivables to account for potential uncertainties.

Contract Assets

Our contract assets represent amounts receivable from customers under product sales and service offering contracts for which the revenue recognition criteria have been met, but the payment terms extend beyond the performance obligation period, primarily consisting of retentions with specified collection schedules. For details, see Note 24 to the Appendix I of this prospectus.

Our contract assets slightly decreased from RMB26.9 million as of December 31, 2022 to RMB24.4 million as of December 31, 2023, primarily due to a decrease in receivables recognized in accordance with the fulfillment of the contract in 2023. Our contract assets significantly increased from RMB24.4 million as of December 31, 2023 to RMB40.2 million as of December 31, 2024, primarily due to an increase in the amount of retentions we received from customers as a results of the increased sales of our products as the end of the 2024. Our contract assets further increased to RMB41.5 million as of September 30, 2025, primarily due to the increase in the amount of retentions resulting from the continuous increase in our revenue.

As of December 31, 2025, RMB14.6 million or 30.2% of our contract assets as of September 30, 2025, was subsequently certified.

Bank Balances and Cash

Our bank balances and cash primarily consisted of cash and bank balances. Our cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods within 12 months, depending on the immediate cash requirements of our Group, and earn interest at the respective short-term time deposit rates. Our bank balances and cash increased from RMB799.8 million as of December 31, 2022, to RMB939.1 million as of December 31, 2023, and further to RMB967.5 million as of December 31, 2024, mainly in line with our business expansion. Our bank balance and cash decreased from RMB967.5 million as of December 31, 2024 to RMB951.6 million as of September 30, 2025, primarily due to primarily due to increased investments in equipment purchases and factory construction.

Trade and Other Payables

Our trade and other payables primarily consisted of trade and bills payables in relation to purchase of raw materials from suppliers, and other payables, comprising other accounts payables, project and equipment payables, and employee compensation payables. Our trade payables are non-interest-bearing and are typically settled within a period ranging from 30 days to 90 days. Our bills payable are guaranteed by banks in the PRC and generally have maturities of 6 months to 1 year. The following table sets forth the breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	614,332	709,886	975,403	1,050,167
Bills payables	285,912	342,886	369,105	518,416
Other payables	424,560	463,270	555,423	753,413
Total	**1,324,804**	**1,516,042**	**1,899,931**	**2,321,996**

Our trade and other payables increased from RMB1,324.8 million as of December 31, 2022, to RMB1,516.0 million as of December 31, 2023. This increase was generally in line with the expansion of our business. Our trade payables further increased from RMB709.9 million as of December 31, 2023, to RMB975.4 million as of December 31, 2024, mainly due to increased procurement of raw materials and consumables to meet increased production demands, as well as extended payment terms from suppliers to support our business expansion. Our trade and other payables increased from RMB1,899.9 million as of December 31, 2024 to RMB2,322.0 million as of September 30, 2025, primarily due to (i) an increase in other payables of RMB198.0 million, mainly arising from repurchase obligations under an employee share ownership plan; and (ii) an increase in bills payables of RMB149.3 million as we continued to adopt bills settlement for supplier payments.

The following table sets forth an aging analysis of the trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 180 days	533,265	639,938	732,030	1,025,101
180 days to one year	63,620	38,361	168,825	11,472
One to two years	9,051	15,670	61,004	1,558
Two to three years	3,630	9,023	3,182	2,638
Over three years	4,766	6,894	10,362	9,398
Total	**614,332**	**709,886**	**975,403**	**1,050,167**

The following table sets forth a summary of our trade payables turnover days for the years/periods indicated:

	Year Ended December 31,			Nine Months ended September 30,
	2022	2023	2024	2025
Trade payables turnover days*	53.9	61.5	64.1	65.8

Note:

* Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant years/periods, divided by the cost of sales for the same year/period and multiplied by (i) 365 days for 2022, 2023 and 366 for 2024, and (ii) 273 days for the nine months ended September 30, 2025.

Our trade payables turnover days were 53.9 days, 61.5 days, 64.1 days and 65.8 days in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. The increase of our trade payables turnover days from 2022 to 2024 was mainly due to our success in extending the payment period with suppliers. Our trade payables turnover days increased from 64.1 days as of December 31, 2024 to 65.8 days as of September 30, 2025, primarily due to a significant increase in the trade payables balance, mainly to support inventory levels in line with the increase in our production volume.

As of December 31, 2025, RMB847.8 million or 80.7% of our trade payables outstanding as of September 30, 2025, was subsequently settled.

Contract Liabilities

Our contract liabilities refer to the advanced payments from our customers for which we had not transferred the products or services to our customers yet as of the end of each year during the Track Record Period. Our contract liabilities was RMB71.1 million, RMB90.3 million, RMB79.3 million and RMB83.8 million as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. The fluctuation was primarily attributable to the difference in the settlement methods adopted by our customers, which led to changes in contract payments received in advance at year-end according to the terms of our contracts with them. As of December 31, 2025, RMB36.2 million, or 43.2% of our contract liabilities as of September 30, 2025, was subsequently recognized as revenue.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss consist of wealth management products issued by the banks during the Track Record Period. We recorded nil, RMB60.2 million, RMB145.2 million and RMB120.0 million of financial assets at fair value through profit or loss as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

In determine investment decisions on wealth management products, we take into account a number of factors, including general economic conditions and market environment, risk control and credit of issuing financial institutions, our own working capital conditions and the expected profit or potential loss of the investment. We endeavor to further reduce risks and enhance compliance associated with investments, by, for example, (i) controlling the amount and scale of investments, (ii) ensuring investments are closely related to our business operations and financial needs. Our Board of Directors reviews and approves the policy for cash management related to investments in wealth management products. The Board approves the use of avaliable cash by the Company and subsidiaries to purchase high-safety, low-risk, and high-liquidity wealth management products from financial institutions. Our management conducts the review and approval of investment decisions related to the purchase of wealth management products and is responsible for signing relevant agreements. Qualified financial personnel with extensive relevant experience from our finance department are responsible for executing investments in wealth management products in accordance with such agreement and our policy.

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

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our use of cash primarily related to operating activities and capital expenditure. We have historically financed our operations primarily through a consolidation of cash flow generated from our operations and bank borrowings.

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

	Year Ended December 31,			Nine Months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net cash flows from operating activities	1,035,843	860,089	942,949	652,542	886,257
Net cash flows used in investing activities	(388,275)	(390,629)	(591,112)	(640,705)	(621,108)
Net cash flows (used in)/from financing activities	(517,747)	(391,537)	(349,464)	(188,257)	(209,201)
Net increase/(decrease) in cash and cash equivalents	**129,821**	**77,923**	**2,373**	**(176,420)**	**55,948**
Cash and cash equivalents at beginning of the year	657,398	799,820	879,070	879,070	877,485
Effect of foreign exchange rate changes, net	12,601	1,327	(3,958)	2,999	(1,786)
Cash and cash equivalents at end of the year	**799,820**	**879,070**	**877,485**	**705,649**	**931,647**

Net Cash Flows From Operating Activities

Net cash flows from operating activities were RMB886.3 million in the nine months ended September 30, 2025, primarily due to profit before tax of RMB1,036.1 million, adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of property, plant and equipment of RMB202.1 million, (ii) finance costs of RMB39.3 million, and (iii) depreciation of right-of-use assets of RMB37.0 million. Adjustments for changes in working capital primarily included (i) increase in trade and other receivables of RMB645.1 million and (ii) increase in inventories of RMB302.7 million partially offset by an increase in trade and other payables of RMB622.6 million.

Net cash flows from operating activities were RMB942.9 million in 2024, primarily due to profit before tax of RMB1,073.9 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of property, plant, and equipment of RMB239.4 million, (ii) finance costs of RMB60.4 million, (iii) impairment losses on goodwill of RMB36.5 million, (iv) depreciation of right-of-use assets of RMB34.6 million, and (v) negative changes in working capital. Adjustments for changes in working capital primarily included (i) an increase in trade and other receivables of RMB847.6 million and (ii) an increase in inventories of RMB180.4 million, partially offset by an increase in trade and other payables of RMB631.7 million.

Net cash flows from operating activities were RMB860.1 million in 2023, primarily due to profit before tax of RMB872.9 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of property, plant, and equipment of RMB212.4 million, (ii) finance costs of RMB66.8 million, (iii) impairment losses on goodwill of RMB28.7 million, (iv) impairment losses on trade receivables of RMB21.6 million, and (v) negative changes in working capital. Adjustments for changes in working capital primarily included (i) an increase in trade and other receivables of RMB634.1 million and (ii) an increase in inventories of RMB26.5 million, partially offset by an increase in trade and other payables of RMB361.0 million.

Net cash flows from operating activities were RMB1,035.8 million in 2022, primarily due to profit before tax of RMB727.4 million, as adjusted for certain non-cash and/or non-operating items, mainly including (i) depreciation of property, plant, and equipment of RMB194.4 million, (ii) finance costs of RMB89.6 million, (iii) amortization of intangible assets of RMB23.9 million, and (iv) positive changes in working capital. Adjustments for changes in working capital primarily included (i) an increase in inventories of RMB118.7 million, and (ii) an increase in trade and other receivables of RMB261.2 million, partially offset by (i) an increase in trade and other payables of RMB383.9 million and (ii) an increase in contract liabilities of RMB20.9 million.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities were RMB621.1 million in the nine months ended September 30, 2025, primarily due to purchase of financial assets at FVTPL of RMB1,125.0 million, property, plant and equipment of RMB776.1 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,152.9 million.

Net cash flows used in investing activities were RMB591.1 million in 2024, primarily due to purchases of property, plant and equipment and intangible assets of RMB519.1 million, partially offset by interests received of RMB16.7 million.

Net cash flows used in investing activities were RMB390.6 million in 2023, primarily due to purchases of property, plant and equipment and intangible assets of RMB309.6 million, partially offset by proceeds from disposal of property, plant and equipment and other assets of RMB29.6 million.

Net cash flows used in investing activities were RMB388.3 million in 2022, primarily due to purchases of property, plant and equipment and intangible assets of RMB377.9 million, partially offset by proceeds from disposal of property, plant and equipment and other assets of RMB31.3 million.

Net Cash Flows (Used in)/From Financing Activities

Net cash flows used in financing activities were RMB209.2 million in the nine months ended in September 30, 2025, primarily consisting of (i) repayment of borrowings of RMB765.3 million, and (ii) payment for acquisition of additional interests in subsidiaries of RMB344.1 million, partially offset by additions of borrowings of RMB1,401.5 million.

Net cash flows used in financing activities were RMB349.5 million in 2024, primarily consisting of (i) dividends paid of RMB211.9 million, (ii) interest paid of RMB56.9 million, and (iii) repayment of lease liabilities of RMB37.2 million.

Net cash flows used in financing activities were RMB391.5 million in 2023, primarily consisting of (i) repurchase of shares of RMB100.1 million; (ii) interest paid of RMB69.9 million, (iii) dividends paid of RMB50.4 million, and (iv) repayment of lease liabilities of RMB16.1 million.

Net cash flows used in financing activities were RMB517.7 million in 2022, primarily consisting of (i) repayment of lease liabilities of RMB124.8 million, (ii) interest paid of RMB94.1 million, and (iii) dividends paid of RMB44.1 million, partially offset by capital injection by non-controlling interests in subsidiary of RMB69.8 million.

Net Current Assets

The table below sets forth the details of our net current assets as of the dates indicated:

	As of December 31,			As of September 30,	As of December 31,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*
CURRENT ASSETS					
Inventories	701,251	710,277	865,307	1,139,055	1,238,036
Contract assets	18,728	20,163	32,205	36,251	33,397
Trade and other receivables	2,541,348	2,920,745	3,465,350	3,791,039	3,924,380
Tax recoverable	7,566	1,303	596	7,393	8,945
Financial assets at fair value through profit or loss	—	60,245	145,169	120,000	41,772
Restricted bank deposits	23	4,154	1,264	1,863	10,805
Pledged bank deposits	64,721	62,140	59,489	32,989	34,028
Bank balances and cash	799,820	939,070	967,510	951,647	1,288,024
Total current assets	**4,133,457**	**4,718,097**	**5,536,890**	**6,080,237**	**6,579,387**
CURRENT LIABILITIES					
Trade and other payables	1,324,804	1,516,042	1,899,931	2,321,996	2,488,300
Tax payables	46,440	63,457	89,497	84,703	82,436
Bank and other borrowings	1,332,271	1,059,933	774,452	1,485,716	1,538,907
Lease liabilities	16,372	4,937	32,980	39,710	62,847
Contract liabilities	71,106	90,284	79,306	83,804	94,702
Deferred income	8,426	8,325	8,474	7,942	13,316
Total current liabilities	**2,799,419**	**2,742,978**	**2,884,640**	**4,023,871**	**4,280,508**
NET CURRENT ASSETS	1,334,038	1,975,119	2,652,250	2,056,366	2,298,879

Our net current assets increased from RMB1,334.0 million as of December 31, 2022, to RMB1,975.1 million as of December 31, 2023, primarily due to (i) an increase in trade and other receivables of RMB379.4 million; (ii) a decrease in bank and other borrowings of RMB272.3 million; (iii) an increase in bank balances and cash of RMB139.3 million; and (iv) the addition of financial assets at fair value through profit or loss of RMB60.2 million. These were partially offset by (i) an increase in trade and other payables of RMB191.2 million and (ii) an increase in contract liabilities of RMB19.2 million.

Our net current assets further increased from RMB1,975.1 million as of December 31, 2023 to RMB2,652.3 million as of December 31, 2024, primarily due to (i) an increase in trade and other receivables of RMB544.6 million; (ii) a decrease in bank and other borrowings of RMB285.5 million; (iii) an increase in inventories of RMB155.0 million; and (iv) an increase in bank balances and cash of RMB28.4 million. These increases were partially offset by (i) an increase in trade and other payables of RMB383.9 million; (ii) an increase in lease liabilities of RMB28.0 million; and (iii) an increase in tax payables of RMB26.0 million.

Our net current assets decreased from RMB2,652.3 million as of December 31, 2024 to RMB2,056.4 million as of September 30, 2025, primarily due to (i) an increase in trade and other payables of RMB422.1 million, (ii) bank and other borrowings of RMB711.3 million and (iii) lease liabilities of RMB6.7 million. There decrease were partially offset by (i) an increase in inventories of RMB273.7 million and (ii) trade and other receivables of RMB325.7 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities as our principal sources of funding, and our primary uses of cash were to fund our capital expenditures and working capital. Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and net proceeds from the Global Offering. As of September 30, 2025, we had cash and cash equivalents of RMB951.6 million.

Taking into account the financial resources available to us, including cash flow from operating activities, our current cash and cash equivalents and the estimated net proceeds from the Global Offering, our Directors are of the view that we have available sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this prospectus.

CAPITAL EXPENDITURE

During the Track Record Period, our Group incurred capital expenditures of RMB451.3 million, RMB321.1 million, RMB519.1 million and RMB779.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. Our capital expenditures comprised of purchases of items of property, plant and equipment and other assets, which were related to production capacity expansion. Our capital expenditure decreased from RMB451.3 million in 2022 to RMB321.1 million in 2023, primarily due to the completion of the construction of our manufacturing base in Huizhou in 2023. Our capital expenditure increased to RMB519.1 million in 2024, primarily due to (i) the commencement of construction of new manufacturing base located in Huizhou to address our business expansion, (ii) the purchase of equipment for the production of telecoms cable products to expand capacity in response to growing demand, and (iii) the payment of the final installment for the construction of manufacturing base in Wuhan Caidian. Our capital expenditure increased to RMB779.8 million in the nine months ended September 30, 2025, in line with the progress of the construction of the Huizhou base and the expansion of the telecom cable production line.

CAPITAL COMMITMENTS

As of December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025 we had capital commitments of RMB19.1 million, RMB20.3 million, RMB470.6 million and RMB1,044.8 million, respectively, which were in relation to capital expenditure in respect of the acquisition of property and equipment, intangible assets, and associates contracted for but not provided in the historical financial information. Our capital commitment increased from 2023 to 2024, primarily due to (i) the acquisition of equipment in Vietnam and the Huizhou manufacturing bases to expand production capacity in response to growing demand, and (ii) the acquisition of property for the construction of manufacturing bases in Huizhou. Our capital commitment further increased in the nine months ended September 30, 2025, primarily due to (i) the acquisition of property and equipment for the construction of manufacturing base in Huizhou and the expansion of telecom cable production lines, and (ii) the acquisition of property in Malaysia for the construction of manufacturing base.

INDEBTEDNESS

Our indebtedness mainly included bank and other borrowings and lease liabilities during the Track Record Period. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of September 30,	As of December 31,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*
Current					
Bank and other borrowings	1,332,271	1,059,933	774,452	1,485,716	1,538,907
Lease liabilities	16,372	4,937	32,980	39,710	62,847
Non-current					
Bank and other borrowings	554,675	622,632	901,473	826,638	806,381
Lease liabilities	37,543	32,338	193,410	178,433	236,672
Total	**1,940,861**	**1,719,840**	**1,902,315**	**2,530,497**	**2,644,807**

As of December 31, 2025, we had outstanding indebtedness representing interest-bearing bank and other borrowings of RMB2,345.3 million and lease liabilities of RMB299.5 million.

Except as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of December 31, 2025. Since December 31, 2025 and up to the date of the prospectus, there had not been any material change to our indebtedness.

Bank and Other Borrowings

	As of December 31,			As of September 30,	As of December 31,
	2022	**2023**	**2024**	**2025**	**2025**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000** *(unaudited)*
Bank borrowings					
Secured	735,576	537,131	621,736	804,495	799,640
Unsecured	432,269	794,311	614,688	1,047,947	1,141,388
Subtotal, bank borrowings	**1,167,845**	**1,331,442**	**1,236,424**	**1,852,442**	**1,941,028**
Bank borrowings under supplier finance arrangement	94,482	18,653	51,049	40,486	39,424
Endorsed bills	317,825	332,470	388,452	419,426	364,836
Bonds	306,794	—	—	—	—
Total	**1,886,946**	**1,682,565**	**1,675,925**	**2,312,354**	**2,345,288**

Our interest-bearing bank and other borrowin-gs primarily consisted of bank loans and other borrowings. As of December 31, 2022, 2023, 2024 and September 30, 2025, our bank and other borrowings were RMB1,886.9 million, RMB1,682.6 million, RMB1,675.9 million and RMB2,312.4 million, respectively.

As of December 31, 2022, 2023, 2024 and September 30, 2025, the range of the effective interest rate of our bank loans was 3.35% to 5.94% per annum, 2.70% to 5.94% per annum, 2.60% to 4.40% per annum and 2.25% to 2.90% per annum, respectively. All of our interest-bearing bank loans and other borrowings are denominated in RMB. During the Track Record Period, we provided invoice discounting financial arrangements to our suppliers upon their requests. As of December 31, 2022, 2023, 2024 and September 30, 2025, we had bank borrowings under such supplier finance arrangement of RMB94.5 million, RMB18.7 million, RMB51.0 million and RMB40.5 million, respectively. Under such finance arrangement:(i) our payment obligations under the electronic debt certificate are unconditional and irrevocable, and are not affected by any commercial disputes between parties involved in the transfer of the electronic debt certificate, and (ii) we are required to pay the holder of the electronic certificate an amount equivalent to the amount under the electronic debt certificate on each payment date.

As of September 30, 2025, we had banking facilities of RMB536.3 million, of which RMB276.3 million had been utilized. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

Lease Liabilities

We recognize lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. We had lease liabilities of RMB53.9 million, RMB37.3 million, RMB226.4 million, RMB218.1 million and RMB299.5 million as of December 31, 2022, 2023, 2024, September 30, 2025 and December 31, 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any difficulty in obtaining bank loans and banking facilities.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023, 2024 and September 30, 2025, we did not have any contingent liabilities.

KEY FINANCIAL RATIOS

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

	As of/Year Ended December 31,			As of/Nine Months ended September 30,
	2022	2023	2024	2025
Gross profit margin(1)	30.2%	31.3%	30.5%	30.9%
Net profit margin(2)	12.3%	13.2%	13.3%	14.5%
Return on equity(3)	14.8%	14.8%	15.9%	14.0%
Return on total assets(4)	8.2%	8.8%	9.6%	8.1%
Current ratio(5)	1.48	1.72	1.92	1.51
Gearing ratio(6)	40.4%	31.5%	31.0%	39.1%
Debt to equity ratio(7)	23.8%	14.3%	15.3%	24.4%

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year/period.

(2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year/period.

(3) Return on equity was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Return on total assets was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(5) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.

(6) Gearing ratio was calculated based on interest-bearing bank and other borrowings divided by total equity as of the relevant dates and multiplied by 100%.

(7) Debt to equity ratio was calculated based on interest-bearing bank and other borrowings net of cash and cash equivalents divided by total equity as of the relevant date and multiplied by 100%.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions. For more details, see Note 39 to the Accountants' Report in Appendix I to this prospectus.

Our Directors confirm that, all material related party transactions during the Track Record Period were conducted on normal commercial terms or such terms that were no less favorable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. The pricing for the related party transactions was primarily based on (i) arm's length negotiation; (ii) comparable market price; (iii) the total sales/purchase volume of the transaction. The pricing and credit terms for the related party transactions are comparable those similar transactions with the Independent Third Parties and no favorable terms has been granted to/by such related party. The prices are mutually agreed after taking the prevailing market prices into consideration. The transactions were trade in nature, and our Directors and management will consider a series of factors to determine whether to continue such an arrangement upon Listing and the Global Offering, in the best interest of our Group.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of financial risks, including credit risk, liquidity risk, and market risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. For more details, see Note 37 to the Accountants' Report in Appendix I to this prospectus.

Credit Risk

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

In order to minimize the credit risk, the potential customer's credit quality and defines credit limits by customer and the credit limits assigned to each customer is regularly reviewed by our management. Follow-up actions are taken by us to recover overdue debts if any. We only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore our management considers the credit risk arising from the endorsed bills is significantly reduced. In addition, we review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

For trade receivables and contract assets, our management assesses the collectability of the trade receivables and contract assets regularly individually and/or collectively for the determination of any loss allowance for the trade receivables and contract assets by taking into account the customers' financial condition, current creditworthiness, past settlement history, business relationship with us and other factors such as current market conditions.

For other receivables, our management considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the other receivables are insignificant as the probability of default is significantly reduced after assessing the counterparties' financial background and creditability.

For bills receivables, our management considers the historical data, current and forecast of the economic environment of the debtors operate. The credit risk on the bills receivables are significantly reduced as the probability of default is considered minimal after assessing the counterparties' financial background and creditability.

Furthermore, credit risk on restricted and pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies or state-owned banks in the PRC.

For more details, see Note 37 to the Accountants' Report in Appendix I to this prospectus.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to financial our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For more details, see Note 37 to the Accountants' Report in Appendix I to this prospectus.

Market Risk

Currency risk

We undertake certain transactions denominated in foreign currencies, which expose us to foreign currency risk. We currently do not use derivative financial instrument to hedge the foreign exchange risk. We manage the foreign currency risk by closely monitoring the movement of the foreign currency rate. Our foreign currency monetary assets are mainly trade and other receivables and bank balances and deposits, and our foreign currency monetary liabilities are mainly trade and other payables.

Interest rate risk

Our interest rate risk arises primarily from bank balances and deposits, bank and other borrowings and lease liabilities. Bank balances and deposits at variable rates and fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. Our bank balances and deposits are placed with banks, and our management manages this risk by placing deposits at various maturities and interest rate terms. We are also exposed to fair value interest rate risk for fixed rate bank and other borrowings and lease liabilities. Our cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from bank balances. We currently do not hedge our exposure to cash flow and fair value interest rate risk since we consider our exposure of cash flow interest rate risk arising from variable-rate bank balances and term deposits to be insignificant.

Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). We are exposed to price risk arising from listed equity securities classified as FVTOCI as of December 31, 2022, 2023, 2024 and September 30, 2025. For details, including a sensitivity analysis thereto, please see Note 37 to the Accountants' Report in Appendix I to this prospectus.

Capital Management

We manage our capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. Our overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings and lease liabilities disclosed in Notes 28 and 29 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

Our Directors review the capital structure on a regular basis and consider the cost of capital and the risks associated with each class of capital. Based on recommendations of our Directors, we will balance its overall capital structure through the maturity of lease liabilities as well as new share issues and increase of banking facilities or redemption of existing debt. In addition, our management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the historical financial information approximate their fair values at the end of each reporting period based on discounted cash flow analysis.

For details, please see Note 37 to the Accountants' Report in Appendix I to this prospectus.

Upon the Listing and Global Offering, investments will comply with Chapter 14 of the Listing Rules.

DIVIDENDS

On June 13, 2022, we paid a final dividend of RMB44.1 million (RMB0.35 per 10 A Shares) for the year ended December 31, 2021. On May 29, 2023, we paid a final dividend of RMB50.4 million (RMB0.40 per 10 A Shares) for the year ended December 31, 2022. On May 29, 2024, we paid a final dividend of

RMB211.9 million (RMB1.70 per 10 A Shares) for the year ended December 31, 2023. On June 23, 2025, we paid a final dividend of RMB170.7 million (RMB1.37 per 10 A Shares) for the year ended December 31, 2024.

Upon completion of the Global Offering, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the Global Offering.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2025

On the basis set out in Appendix IIB to this prospectus, and in the absence of unforeseen circumstances, we estimate our unaudited consolidated profit attributable to owners of our Company for the year ended December 31, 2025 to be not less than RMB1.1 billion . For details about our consolidated profit attributable to owners of our Company for the year ended December 31, 2025, see “Appendix IIB—Profit Estimate.”

DISTRIBUTABLE RESERVES

As of September 30, 2025, the Company had retained profits of RMB1,987.4 million, which could be distributed subject to current Articles of Association of the Company and the PRC Company Law. However, such retained profits were restricted from distribution pursuant to certain covenants under bank borrowing agreements between the Company and relevant banks that requested no dividend distribution when the Company recorded net losses, or its profit after tax was insufficient to cover the accumulated losses, or its profit before tax was insufficient to fulfill interest, principal and expense payment obligations under such borrowing agreements.

LISTING EXPENSE

Listing expenses to be borne by us are estimated to be approximately RMB70.6 million (HK$78.8 million) (including underwriting commission), at the Offer Price of HK$20.09 per Share, among which (i) underwriting-related expenses, including underwriting commission and other expenses are approximately RMB42.8 million (HK$47.8 million) and (ii) non-underwriting-related expenses are approximately RMB27.8 million (HK$31.0 million), comprising (a) fees and expenses of legal advisers and accountants of approximately RMB19.5 million (HK$21.8 million) and (b) other fees and expenses of approximately RMB8.3 million (HK$9.2 million). As of September 30, 2025, we incurred a total of RMB14.2 million (HK$15.9 million) in Listing expenses, among which RMB0.6 million (HK$0.7 million) were recognized in our consolidated statement of profit or loss, and RMB13.6 million (HK$15.2 million) were directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing.

We estimate that additional Listing expenses of approximately RMB56.4 million (HK$62.9 million), based on the Offer Price of HK$20.09 per Offer Share) will be incurred by us, approximately RMB1.7 million (HK$1.9 million) of which is expected to be charged to our statements of profit or loss, and approximately RMB54.7 million (HK$61.0 million) of which is directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing. Our listing expenses as a percentage of gross proceeds is 2.80%. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7

"Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to the equity shareholders of our Company as of September 30, 2025 as if the Global Offering had taken place on September 30, 2025.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to equity shareholders of our Company had the Global Offering been completed as of September 30, 2025 or any future date.

	Consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$20.09 per Share	5,457,233	2,441,066	7,898,299	5.70	6.38

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 is extracted from "Appendix I—Accountants' Report" to the prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as of September 30, 2025 of approximately RMB6,173,520,000 less goodwill of approximately RMB694,828,000 and intangible assets of approximately RMB21,459,000 as of September 30, 2025.

(2) The estimated net proceeds from the Global Offering are based on the 139,988,800 Offer Shares at Offer Price of HK$20.09 per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Group (excluding the listing expenses that have been charged to profit or loss during the Track Record Period). The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.12 to RMB1, which was the exchange rate prevailing on January 27, 2026. No representation is made that Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is calculated based on 1,386,322,362 Shares (excluding treasury shares) in issue immediately following the completion of the Global Offering had it been completed as of September 30, 2025.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners to owners of the Company per Share is converted from RMB into Hong Kong dollars at an exchange rate of HK$1.12 to RMB1. No representation is made that Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to September 30, 2025.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there had been no material adverse change in our financial, operational or prospects since September 30, 2025, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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