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

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

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

BASIS OF PRESENTATION AND PREPARATION

The consolidated financial statements of the Group for the Track Record Period, on which the historical financial information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and were audited by Deloitte Touche Tohmatsu in accordance with Hong Kong Standards on Auditing issued by the HKICPA. For details of the basis of preparation, see Note 2 to the Accountants' Report included in Appendix I to this Document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose challenges that we must successfully address in order to sustain our growth and improve our results of operations.

General Factors

- overall economic growth and conditions;
- development and prosperity of the industry where we operate;
- conditions of the downstream markets of the solid-liquid hybrid and all-solid-state battery industry and the resulting fluctuations in customer demand;
- technology development and competition in the solid-liquid hybrid and all-solid-state battery industry; and
- relevant laws and regulations, government policies and initiatives.

Company-specific Factors

Customer Acquisition and Retention

We derived our revenue primarily from the sale of solid-liquid hybrid batteries for both EV and ESS applications during the Track Record Period. Our results of operations depend on our ability to acquire new customers and secure additional orders from existing ones across these core business lines.

By offering high-quality products adaptable for various scenarios, we have cultivated a loyal customer base. We also offer timely after-sales support to resolve any battery-related issues, ensuring high customer satisfaction and repeat order placements. In addition, as we continue to deepen our strategic cooperation with leading automotive OEMs, such as SAIC Group and BAIC, we anticipate securing a larger volume of high-quality orders. We believe that these premium partnerships will serve as a key driver for our business, leading to a substantial increase in our future revenue.

Product Mix and Revenue Composition

Our financial performance was materially affected by changes in our product mix during the Track Record Period. Our revenue was generated primarily from EV batteries, ESS batteries and automation equipment, each of which had a different margin profile. The global shipment volume of solid-liquid hybrid and all-solid-state EV batteries expanded from 0.3 GWh in 2022 to 2.3 GWh in 2025, representing a CAGR of approximately 92.0% between 2022 and 2025. It is forecasted to accelerate rapidly between 2026 and 2030 at a CAGR of approximately 177.2%, reaching approximately 605.0 GWh by 2030. The global shipments of solid-liquid hybrid and all-solid-state ESS batteries increased from 0.1 GWh in 2022 to 3.4 GWh in 2025, representing a CAGR of approximately 222.5% during this period.

During the Track Record Period, the contribution of EV batteries and ESS batteries to our total revenue increased, while the contribution of automation equipment decreased. Revenue from EV batteries increased from RMB6.3 million in 2023 to RMB11.6 million in 2024 further to RMB236.5 million in 2025, respectively. Revenue from ESS batteries increased from RMB92.3 million in 2023 to RMB258.4 million in 2024 and further to RMB592.1 million in 2025, respectively.

Gross Margin Profile and Cost Structure

The changes in our product mix had a direct impact on our gross margin. The gross margin profile of our EV battery reflects our early stage of commercialization and ramp-up of our EV battery business. Despite our advanced technologies, we had not yet achieved economies of scale. Our profitability depends partially on our ability to effectively manage and optimize our costs of sales. Costs for materials and overhead have a significant impact on our cost of sales. Fluctuations in the supply or prices of these key materials, such as lithium, graphite, and copper, may affect our production costs.

EV batteries recorded gross loss margins of 38.1%, 77.0% and 111.6% in 2023, 2024 and 2025, respectively. ESS batteries recorded gross loss margins of 108.5%, 49.0% and 6.0% in 2023, 2024 and 2025, respectively. The narrowing of gross loss margin of our ESS batteries during the Track Record Period have been attributable to, among other factors, the high-quality customer base we serve with high margin profile. By contrast, automation equipment recorded gross profit margins of 28.1%, 20.7% and 26.8% in 2023, 2024 and 2025, respectively.

As a result, the increasing contribution of EV batteries and ESS batteries, together with the declining contribution of automation equipment, affected our overall gross margin during the Track Record Period. In particular, although the gross loss margin of our ESS battery business improved during the Track Record Period, both our EV battery business and ESS battery business continued to record gross losses. Going forward, as our battery businesses continue to scale up and the margin profiles of EV batteries and ESS batteries improve, changes in product mix may continue to affect our results of operations and financial performance.

Production Capacity and Manufacturing Efficiency

We have continuously expanded our production capacity across our business lines to support growing market demand. For details, see "Business — Manufacturing." We intend to further expand our capacity in alignment with our growth strategy. Leveraging our integrated capabilities across materials, equipment, and advanced manufacturing processes, we continue to improve equipment utilization, significantly elevating our manufacturing efficiency and cost structure. Looking ahead, we plan to continue upgrading facilities to ensure the consistent quality required for mass production of solid-state technologies.

Operational Leverage

We view continuous R&D investment as the cornerstone of our competitiveness. During the Track Record Period, we continued to invest the R&D expenses from RMB142.0 million in 2023, RMB295.6 million in 2024 and further to RMB376.9 million in 2025. Anchored in customer demand, our R&D model integrates development across materials, equipment, and manufacturing, supporting a full-cycle process from early-stage research to mass production. Our R&D efforts focus on improving product performance, energy density, safety, and cost-effectiveness. We are actively investing in next-generation battery technologies to secure first-mover advantages. We believe this comprehensive R&D strategy positions us to address a broader spectrum of market demands and effectively compete against competitors.

We have demonstrated continued operational efficiency enhancement. As a percentage of our total revenue, our operating expenses, as a sum of the selling and marketing expenses, general and administrative expenses, and research and development expenses, significantly decreased from 104.9% in 2023 to 63.5% in 2025. While we expect the absolute amounts of our operating expenses to increase as we continue to invest in the development and commercialization of our battery products, we expect to benefit from economies of scale and manufacturing execution capabilities to further reduce these expenses as a percentage of total revenue in the long term.

Seasonality

During the Track Record Period, our ESS battery business accounted for a significant proportion of our total sales and experienced period-to-period fluctuations in revenue primarily due to the schedule of certain ESS projects, which as a result showed a sales peak in fourth quarter. These major customers of our ESS battery business typically plan their projects early in the year and schedule deliveries and acceptances for the fourth quarter. Looking ahead, while we may continue to experience period-to-period fluctuations in revenue arising from our ESS battery business, as the revenue contribution from our EV battery business gradually increases, we expect our overall financial performance to be increasingly influenced by the inherent seasonal fluctuations of the broader EV industry.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies. Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances. For details on such estimates and judgments, see Note 5 to the Accountants' Report included in Appendix I to this Document.

SUMMARY OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss for the years indicated derived from the Accountants' Report included in Appendix I to this Document:

	Years Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	248,233	405,346	942,997
Cost of sales	(307,231)	(501,673)	(1,193,250)
Gross loss	**(58,998)**	**(96,327)**	**(250,253)**
Other income	60,472	66,455	153,671
Other gains and losses, net	14,684	26,646	(17,152)
Selling and marketing expenses	(22,338)	(22,015)	(25,411)
General and administrative expenses	(96,120)	(146,020)	(196,615)
Research and development expenses	(142,012)	(295,598)	(376,944)
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Impairment losses on financial assets and other items	(23,120)	(22,037)	(38,868)
Share of results of associates	(5,291)	(2,600)	(2,898)
Finance costs	(573,344)	(502,313)	(542,450)
Loss before tax	**(846,067)**	**(993,809)**	**(1,299,881)**
Income tax expense	(6,977)	(5,308)	(2,468)
Loss for the year	**(853,044)**	**(999,117)**	**(1,302,349)**

NON-IFRS FINANCIAL MEASURES

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRSs, we use adjusted net loss (Non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRSs.

We define adjusted net loss (Non-IFRS measure) as loss for the periods adjusted by (i) finance costs on redemption liabilities, which are non-cash in nature, (ii) share-based payment expense, which is non-cash in nature, and (iii) [REDACTED] which is related to the [REDACTED].

We believe that Non-IFRS measures facilitate the comparisons of operating performance and provide useful information to [REDACTED] and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and [REDACTED] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile Non-IFRS measures for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	Years Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	(853,044)	(999,117)	(1,302,349)
Adjustments:			
— Finance costs from redemption liabilities	570,285	497,687	533,695
— Share-based payment expenses	5,208	5,372	—
— [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net loss (*Non-IFRS measure*)	(277,551)	(496,058)	(765,693)

DESCRIPTION OF KEY COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

The following table sets forth a breakdown of our revenue by product, and as percentages of total revenue, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
EV batteries	6,339	2.6	11,619	2.9	236,547	25.1
ESS batteries	92,313	37.2	258,360	63.7	592,072	62.8
Automation equipment	114,042	45.9	114,955	28.4	77,234	8.2
Others(1)	35,539	14.3	20,412	5.0	37,144	3.9
Total	**248,233**	**100.0**	**405,346**	**100.0**	**942,997**	**100.0**

Note:

(1) Others primarily represent recycling of scrap materials.

Sales Volume and Average Selling Prices

The following table sets forth our sales volumes and ASP (net of tax) by product type for the years indicated.

	Years ended December 31,					
	2023		2024		2025	
	Sales Volume (GWh)	ASP (RMB per Wh)	Sales Volume (GWh)	ASP (RMB per Wh)	Sales Volume (GWh)	ASP (RMB per Wh)
EV battery products	0.01	0.56	0.02	0.60	0.78	0.31[1]
ESS battery products	0.13	0.70	0.48	0.54	1.17	0.51[2]

Notes:

(1) Our ASP for EV battery products in 2025 primarily represented the selling price of individual battery cells.

(2) Our ASP for ESS battery products in 2025 primarily represented the selling price of battery packs with integrated control systems.

For a detailed discussion of changes in our sales volumes and ASP during the Track Record Period, see "Business — Our Product Portfolio."

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the years indicated

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Material costs	167,813	54.6	304,040	60.6	911,357	76.4
Overhead[1]	68,251	22.2	72,536	14.5	102,143	8.6
Labor cost	49,570	16.1	50,170	10.0	74,305	6.2
Write-down of inventories	21,597	7.1	74,927	14.9	105,445	8.8
Total	**307,231**	**100.0**	**501,673**	**100.0**	**1,193,250**	**100.0**

Note:

(1) Overhead primarily represents depreciation and amortization, and utilities and energy expenses.

Gross Loss and Gross Margin

As a result of the foregoing, we recorded gross loss of RMB59.0 million, RMB96.3 million and RMB250.3 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our gross profit/(loss) and gross margin by product for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
EV batteries	(2,418)	(38.1)	(8,945)	(77.0)	(263,868)	(111.6)
ESS batteries	(100,177)	(108.5)	(126,682)	(49.0)	(35,674)	(6.0)
Automation equipment	32,075	28.1	23,761	20.7	20,685	26.8
Others	11,522	32.4	15,539	76.1	28,604	77.0
Total	**(58,998)**	**(23.8)**	**(96,327)**	**(23.8)**	**(250,253)**	**(26.5)**

EV batteries recorded gross loss margins of 38.1%, 77.0% and 111.6% in 2023, 2024 and 2025, respectively. The gross margin of our EV batteries was affected by, among other factors, the stage of commercialization and production ramp-up of this business during the Track Record Period. ESS batteries recorded gross loss margins of 108.5%, 49.0% and 6.0% in 2023, 2024 and 2025, respectively. The gross margin of our EV batteries and ESS batteries was affected by, among other factors, the stage of commercialization and production ramp-up of these products, the customer profile and price of raw materials. Going forward, as our battery businesses continue to scale up and the margin profiles of EV batteries and ESS batteries improve, changes in product mix may continue to materially affect our gross margin and results of operations.

Other Income

During the Track Record Period, our government grants were generally non-recurring in nature, and for assets-related government grants were granted to subsidize our certain construction and R&D projects and for income-related government grants were granted for our ongoing R&D activities. The following table sets forth a breakdown of our other income for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Government grants						
— Income related	23,916	39.5	26,577	40.0	134,152	87.3
— Assets related	6,898	11.4	7,538	11.3	8,765	5.7
Interest income on bank balances	25,420	42.0	25,492	38.4	9,488	6.2
Interest income on time deposits	3,239	5.4	4,724	7.1	235	0.2
Others(1)	999	1.7	2,124	3.2	1,031	0.6
Total	**60,472**	**100.0**	**66,455**	**100.0**	**153,671**	**100.0**

Note:

(1) Others primarily represent income received in connection with breach of contracts by our suppliers.

Other Gains and Losses, Net

The following table sets forth a breakdown of our other gains and losses, net, for the years indicated.

	Years Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss on disposal of items of property, plant and equipment, and right-of-use assets, net	(827)	(329)	(21,747)
Gain on fair value changes of structured deposits	16,239	21,755	4,769
Gain on disposal of an associate	—	6,662	—
Net exchange gains (losses)	1	31	(10)
Others[(1)]	(729)	(1,473)	(164)
Total	**14,684**	**26,646**	**(17,152)**

Note:

(1) Others primarily represent donation and sponsorship.

Selling and Marketing Expenses

In 2023, 2024 and 2025, our selling and marketing expenses were RMB22.3 million, RMB22.0 million and RMB25.4 million, respectively, representing 9.0%, 5.4% and 2.7% of our revenue, respectively. The following table sets forth a breakdown of our selling and marketing expenses by nature, in absolute amounts and percentages of total selling and marketing expenses, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Staff cost	13,648	61.1	13,545	61.5	17,269	68.0
Office expenses	3,459	15.5	3,662	16.6	3,580	14.1
Business development expenses	4,467	20.0	3,494	15.9	2,340	9.2
Others[(1)]	764	3.4	1,314	6.0	2,222	8.7
Total	**22,338**	**100.0**	**22,015**	**100.0**	**25,411**	**100.0**

Note:

(1) Others primarily represent depreciation and amortization expenses.

General and Administrative Expenses

In 2023, 2024 and 2025, our general and administrative expenses were RMB96.1 million, RMB146.0 million and RMB196.6 million, respectively, representing 38.7%, 36.0% and 20.9% of our revenue, respectively. The following table sets forth a breakdown of general and administrative expenses by nature, in absolute amounts and percentages of total general and administrative expenses, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Staff cost	46,322	48.2	74,115	50.8	85,273	43.4
Office expenses	32,471	33.8	42,939	29.4	53,628	27.3
Depreciation and amortization	13,663	14.2	28,205	19.3	52,125	26.5
Others[(1)]	3,664	3.8	761	0.5	5,589	2.8
Total	**96,120**	**100.0**	**146,020**	**100.0**	**196,615**	**100.0**

Note:

(1) Others primarily represent auditor and professional service fees.

Research and Development Expenses

In 2023, 2024 and 2025, our research and development expenses were RMB142.0 million, RMB295.6 million and RMB376.9 million, respectively, representing 57.2%, 72.9% and 40.0% of our revenue, respectively. The following table sets forth a breakdown of research and development expenses by nature, in absolute amounts and percentages of total research and development expenses, for the years indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Staff costs	93,382	65.9	145,761	49.3	175,248	46.5
Materials consumed	19,045	13.4	81,033	27.4	103,322	27.4
Testing fees	2,285	1.6	8,256	2.8	37,047	9.8
Office expenses	9,575	6.7	30,359	10.3	33,943	9.0
Depreciation and amortization	14,248	10.0	27,716	9.4	22,341	5.9
Others	3,477	2.4	2,473	0.8	5,043	1.4
Total	**142,012**	**100.0**	**295,598**	**100.0**	**376,944**	**100.0**

Impairment Losses on Financial Assets and Other Items

Our impairment losses on financial assets and other items, primarily derived from the expected credit loss on our trade, bills and other receivables. Our impairment losses on financial assets and other items amounted to RMB23.1 million, RMB22.0 million and RMB38.9 million in 2023, 2024 and 2025, respectively.

Share of Results of Associates

Our share of results of associates primarily represent our proportionate share of the net profit or loss of our associate companies. We recorded share of loss of our associates of RMB5.3 million, RMB2.6 million and RMB2.9 million in 2023, 2024 and 2025, respectively.

Finance Costs

The following table sets forth a breakdown of finance costs for the years indicated. For details of our financing activities giving rise to such redemption liabilities, see "History, Development and Corporate Structure" and Note 8 of the Accountants' Report in Appendix I to this Document.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance costs from redemption liabilities	570,285	497,687	533,695
Interests on bank borrowings	4,590	6,140	13,348
Interests on lease liabilities	2,736	3,680	6,676
	577,611	507,507	553,719
Less: amounts capitalized in the cost of qualifying assets	(4,267)	(5,194)	(11,269)
Total	**573,344**	**502,313**	**542,450**

Income Tax Expense

We had income tax expense of RMB7.0 million, RMB5.3 million and RMB2.5 million in 2023, 2024 and 2025, respectively.

Loss for the Year

We recorded loss for the year of RMB853.0 million, RMB999.1 million and RMB1,302.3 million in 2023, 2024 and 2025, respectively.

TAXATION

PRC

Our subsidiaries established in the PRC are generally subject to statutory income tax at a rate of 25% in accordance with the relevant PRC income tax laws, subject to preferential tax treatments available to certain qualified enterprises. Certain of our subsidiaries approved as "High and New Technology Enterprise" in 2023 and, accordingly, enjoys a preferential income tax rate of 15% during the Track Record Period. This qualification is subject to review by relevant PRC governmental authorities every three years. Certain of our subsidiaries in the PRC have been granted certain tax concessions to small scale entities by tax authorities in the PRC whereby the subsidiaries operating in the respective region are entitled to tax concessions. Preferential tax treatments and incentives granted to us by PRC governmental authorities are subject to review and may be adjusted or revoked at any time in the future.

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

Our revenue significantly increased from RMB405.3 million in 2024 to RMB943.0 million in 2025, primarily driven by substantial growth in sales of both our EV batteries and ESS batteries as our commercialization efforts gained meaningful traction.

- ***EV Batteries.*** Our revenue from sales of EV batteries increased significantly from RMB11.6 million in 2024 to RMB236.5 million in 2025, primarily driven by a substantial increase in sales volume from 0.02 GWh in 2024 to 0.78 GWh in 2025 of which a significant proportion were made to two leading automotive OEMs, supported by the commencement of operations at our Kunshan production base in the first quarter of 2025.

- ***ESS Batteries.*** Our revenue from sales of ESS batteries increased significantly from RMB258.4 million in 2024 to RMB592.1 million in 2025, primarily driven by an increase in sales volume from 0.48 GWh in 2024 to 1.17 GWh in 2025, reflecting growing customer recognition of our ESS battery products across downstream verticals. A key contributor to the volume growth was the completion of a large-scale energy storage project in Wuhai, Inner Mongolia in 2025.

- ***Automation Equipment.*** Our revenue from sales of automation equipment decreased from RMB115.0 million in 2024 to RMB77.2 million in 2025. The decline was the result of a deliberate strategic decision to optimize our customer base.

- ***Others.*** Our other revenue increased from RMB20.4 million in 2024 to RMB37.1 million in 2025, attributable to the growth in recycling income from battery-related scrap and waste, which expanded in line with the increase in our overall production scale during the same period.

Cost of Sales

Our cost of sales increased from RMB501.7 million in 2024 to RMB1,193.3 million in 2025, primarily driven by the substantial increase in our material costs from RMB304.0 million in 2024 to RMB911.4 million in 2025 and our delivery volumes across our EV battery and ESS battery products, generally in line with our revenue growth.

Gross Loss and Gross Margin

Our gross loss increased from RMB96.3 million in 2024 to RMB250.3 million in 2025, while our overall gross loss margin recorded 23.8% in 2024 and 26.5% in 2025.

- ***EV Batteries.*** Our gross loss from sales of EV batteries increased from RMB8.9 million in 2024 to RMB263.9 million in 2025, while our gross loss margin increased from 77.0% in 2024 to 111.6% in 2025, primarily due to the early stage of commercialization of our EV battery business in 2024. With a significant increase in production capacity in 2025, we commenced volume delivery of our EV battery products in 2025, and our sales volume increased substantially from 0.02 GWh in 2024 to 0.78 GWh in 2025. In addition, as a new market entrant, we adopted competitive pricing to establish our market position with two leading automotive OEMs.

- ***ESS Batteries.*** Our gross loss from sales of ESS batteries decreased by 71.8% from RMB126.7 million in 2024 to RMB35.7 million in 2025, and our gross loss margin narrowed from 49.0% in 2024 to 6.0% in 2025, primarily driven by growing customer recognition of our ESS battery products and the successful delivery of high-quality ESS projects, including the 800 MWh energy storage station in Wuhai, Inner Mongolia.

- ***Automation Equipment.*** Our gross profit from sales of automation equipment decreased by 13.0% from RMB23.8 million in 2024 to RMB20.7 million in 2025, while our gross profit margin increased from 20.7% in 2024 to 26.8% in 2025. The margin improvement reflects our focus on higher quality customers, consistent with our broader strategic transition towards our core battery business.

- ***Others.*** Our gross profit from other sales increased by 84.5% from RMB15.5 million in 2024 to RMB28.6 million in 2025, the increase of gross profit from other sales generally in line with our other business segments, and our gross profit margin remained relatively stable as 76.1% in 2024 and 77.0% in 2025.

Other Income

Our other income increased by 131.2% from RMB66.5 million in 2024 to RMB153.7 million in 2025, primarily due to the increase in income-related government grants, which were primarily government subsidies for our ongoing R&D activities.

Other Gains and Losses, Net

Our other net losses increased significantly from gain RMB26.6 million in 2024 to loss RMB17.2 million in 2025, primarily due to disposal of long-term assets during the renovation of our plants.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 15.4% from RMB22.0 million in 2024 to RM25.4 million in 2025, primarily due to the increase in staff costs driven by our increased salary incentives to our sales team.

General and Administrative Expenses

Our general and administrative expenses increased by 34.6% from RMB146.0 million in 2024 to RMB196.6 million in 2025, primarily due to the increase in depreciation and amortization as well as staff costs, which were driven by the overall expansion of our business scale and the increase in both owned and leased office premises.

Research and Development Expenses

Our research and development expenses increased by 27.5% from RMB295.6 million in 2024 to RMB376.9 million in 2025, primarily due to the increase in staff cost, materials consumed and testing fee which was driven by our increased R&D activities.

Finance Costs

Our finance costs increased by 8.0% from RMB502.3 million in 2024 to RMB542.5 million in 2025, primarily due to the increase in finance costs on redemption liabilities in relation to certain Pre-[REDACTED] Investments. For details, see Note 8 and Note 32 to the Accountants' Report in Appendix I to this Document.

Loss for the Year

As a result of the foregoing, our loss of the year increased by RMB303.2 million, or 30.3% from RMB999.1 million in 2024 to RMB1,302.3 million in 2025.

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

Revenue

Our revenue increased by 63.3%, from RMB248.2 million in 2023 to RMB405.3 million in 2024, primarily due to the increase in the revenue generated from ESS batteries, driven by a combination of increased order volume from customers.

- ***EV Batteries.*** Our revenue from sales of EV batteries increased from RMB6.3 million in 2023 to RMB11.6 million in 2024, primarily due to increases in sales volume from 0.01 GWh to 0.02 GWh during the same period.

- ***ESS Batteries.*** Our revenue from sales of ESS batteries increased from RMB92.3 million in 2023 to RMB258.4 million in 2024, primarily driven by an increase in sales volume, which rose from 0.13 GWh to 0.48 GWh over the same period. The increase in sales volume was mainly attributable to the validation and broader customer adoption of our ESS battery products.

- ***Automation Equipment.*** Our revenue from sales of automation equipment remained relatively stable at RMB114.0 million and RMB115.0 million in 2023 and 2024, respectively.

- ***Others.*** Our other revenue decreased from RMB35.5 million in 2023 to RMB20.4 million in 2024. Our other revenue is derived from ancillary business activities, primarily the recycling materials and raw materials, and fluctuations in such revenue generally reflect changes in the scale and mix of these activities.

Cost of Sales

Our cost of sales increased by 63.3% from RMB307.2 million in 2023 to RMB501.7 million in 2024, primarily driven by the expansion of our operational scale as we ramped up production to meet growing customer demand, resulting in higher consumption of raw materials, labor costs and manufacturing overhead.

Gross Loss and Gross Margin

As a result of the foregoing, our gross loss increased from RMB59.0 million in 2023 to RMB96.3 million in 2024. Notwithstanding the increase in absolute gross loss, our overall gross loss margin remained relatively stable of 23.8% in 2023 and 2024, respectively. Specifically:

- ***EV Batteries.*** Our gross loss from EV battery sales increased from RMB2.4 million in 2023 to RMB8.9 million in 2024, and our gross loss margin widened from 38.1% to 77.0% over the same period. In both years, our EV batteries remained in the pre-commercial phase, with sales volumes limited to trial deliveries while production costs stayed high due to the absence of economies of scale. The widening of gross loss margin in 2024 was primarily attributable to an increase in trial production volume, which resulted in higher total production costs that were not sufficiently offset by the limited revenue generated from trial deliveries.

- ***ESS Batteries.*** Our gross loss from ESS battery business increased from RMB100.2 million in 2023 to RMB126.7 million in 2024, and our gross loss margin narrowed from 108.5% in 2023 to 49.0% in 2024. This improvement of our gross loss margin was primarily driven by increased sales volumes in 2024, which demonstrated the operating leverage of our ESS battery business as production volumes scaled.

- ***Automation Equipment.*** Our gross profit from sales of automation equipment decreased by 25.9% from RMB32.1 million in 2023 to RMB23.8 million in 2024, while our gross profit margin decreased from 28.1% in 2023 to 20.7% in 2024, primarily due to the ramping up for our new production lines for automation equipment.

- ***Others.*** Our gross profit from other sales increased from RMB11.5 million in 2023 to RMB15.5 million in 2024, and our gross profit margin increased from 32.4% in 2023 to 76.1% in 2024.

Other Income

Our other income increased by 9.9% from RMB60.5 million in 2023 to RMB66.5 million in 2024, primarily due to the increase in government grants attributable to supportive policies.

Other Gains and Losses, Net

Our other net gain recorded RMB14.7 million in 2023 and RMB26.6 million in 2024, primarily due to the disposal of an associate in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB22.3 million and RMB22.0 million in 2023 and 2024, respectively.

General and Administrative Expenses

Our general and administrative expenses significantly increased from RMB96.1 million in 2023 to RMB146.0 million in 2024, primarily due to the increase in salaries and compensation of our administrative team as well as depreciation and amortization, in line with our business expansion.

Research and Development Expenses

Our research and development expenses significantly increased from RMB142.0 million in 2023 to RMB295.6 million in 2024, primarily due to the increasing expenses in personnel salaries of R&D staff and materials.

Finance Costs

Our finance costs decreased by 12.4% from RMB573.3 million in 2023 to RMB502.3 million in 2024, primarily due to the decrease in finance costs on redemption liabilities in relation to certain Pre-[REDACTED] Investments. For details, see Note 8 and Note 32 to the Accountants' Report in Appendix I to this Document.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB853.0 million in 2023 to RMB999.1 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS

The table below sets forth selected information from our consolidated statements of financial positions as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this Document:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets	1,481,353	2,607,787	3,300,174
Current assets	4,025,100	2,987,909	3,331,358
Total assets	**5,506,453**	**5,595,696**	**6,631,532**
Non-current liabilities	299,307	277,979	1,220,943
Current liabilities	7,578,021	8,682,337	9,749,722
Total liabilities	**7,877,328**	**8,960,316**	**10,970,665**
Net current liabilities	**(3,552,921)**	**(5,694,428)**	**(6,418,364)**
Net liabilities	**(2,370,875)**	**(3,364,620)**	**(4,339,133)**
Share capital	547,375	547,375	547,375
Reserves	(3,122,285)	(4,083,790)	(5,309,217)
Total deficits	**(2,370,875)**	**(3,364,620)**	**(4,339,133)**

Current Assets and Current Liabilities

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Inventories	270,492	361,596	570,533	651,608
Contract costs	1,688	177	7	—
Trade and bills receivables	250,751	343,699	474,796	475,905
Other receivables	111,043	209,776	371,033	388,357
Bills receivables at FVTOCI	4,319	20,165	6,195	8,300
Contract assets	248	738	433	480
Restricted bank deposits	238,832	471,991	670,816	676,355
Cash and cash equivalents	3,147,727	1,579,767	1,237,545	2,946,554
Total current assets	**4,025,100**	**2,987,909**	**3,331,358**	**5,147,559**
Trade and bills payables	224,969	456,132	1,050,048	974,842
Other payables and accruals	534,825	770,565	641,051	644,391
Contract liabilities	66,870	69,874	46,639	86,921
Current portion of deferred income	7,938	20,663	10,433	8,694
Current portion of provisions	3,116	3,174	3,232	3,291
Current portion of borrowings	8,165	115,540	242,779	179,922
Current portion of lease liabilities	44,331	62,421	42,034	21,954
Tax liabilities	6,549	5,023	866	866
Redemption liabilities	6,681,258	7,178,945	7,712,640	7,777,814
Total current liabilities	**7,578,021**	**8,682,337**	**9,749,722**	**9,698,695**
Net current liabilities	**3,552,921**	**5,694,428**	**6,418,364**	**4,551,136**

Our net current liabilities decreased from RMB6,418.4 million as of December 31, 2025 to RMB4,551.1 million as of February 28, 2026, primarily due to the increase of our total current assets, which was primarily attributable to (i) the increase in cash and cash equivalents of RMB1,709.0 million, (ii) the increase in our inventories of RMB81.1 million resulted from our strategic inventory storage, and (iii) the increase in our other receivables of RMB17.3 million, in line with our business growth.

Our net current liabilities increased from RMB5,694.4 million as of December 31, 2024 to RMB6,418.4 million as of December 31, 2025, primarily due to the increase of our total current liabilities, which was primarily attributable to (i) the increase in trade and bills payables of RMB593.9 million due to our enlarged procurement demand to support our production and business growth, and (ii) the increase of current borrowings of RMB127.2 million. This was partially offset by the increase of our total current assets, which was primarily attributable to (i) the increase of inventories of RMB208.9 million as a result of our strategic storage in anticipation of future orders, (ii) the increase of other receivables of RMB161.3 million and (iii) the increase of trade and bills receivables of RMB131.1 million, which was in line with our sales growth.

Our net current liabilities increased from RMB3,552.9 million as of December 31, 2023 to RMB5,694.4 million as of December 31, 2024, primarily due to the decrease of our total current assets, which was primarily attributable to the decrease in cash and cash equivalents of RMB1,568.0 million resulted from our operational capital consumption.

Assets

Property, Plant and Equipment

The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Buildings and ancillary facilities	308,756	937,194	878,009
Equipment	190,747	556,326	636,383
Construction in progress	458,988	329,780	577,990
Leasehold improvements	1,697	11,159	45,892
Other assets	5,467	9,832	14,488
Vehicles	2,480	3,394	9,034
Total	**968,135**	**1,847,685**	**2,161,796**

Our property, plant and equipment increased from RMB968.1 million as of December 31, 2023 to RMB1,847.7 million as of December 31, 2024, primarily due to the increase in our buildings and ancillary facilities and equipment, mainly as a result of the completion of construction of the new production facility. Our property, plant and equipment further increased further to RMB2,161.8 million as of December 31, 2025, primarily due to the increase in equipment and construction in progress, primarily because we began to construct our new Taizhou production base and R&D equipments in 2025.

Inventories

The following table sets forth the carrying amount of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	215,889	273,609	390,412
Work-in-progress	41,550	99,895	200,400
Raw materials	91,023	140,989	238,063
Less: provision for impairment	(77,970)	(152,897)	(258,342)
Total	**270,492**	**361,596**	**570,533**

Our inventories increased from RMB270.5 million as of December 31, 2023 to RMB361.6 million as of December 31, 2024, primarily because we strategically increased our storage in light of the significant sales and revenue growth to ensure stable delivery. Our inventories increased from RMB361.6 million as of December 31, 2024 to RMB570.5 million as of December 31, 2025, primarily due to our strategic storage of inventories in anticipation of further orders and delivery schedule, in line with our business expansion.

The following table sets forth the aging analysis of our inventory after deduction of write-downs as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	258,768	351,338	536,158
Over-one year	11,724	10,258	34,375
Total	**270,492**	**361,596**	**570,533**

We have implemented inventory management measures across the procurement, production, and fulfillment cycle. Procurement plans are established with reference to sales forecasts, confirmed customer orders, and supplier lead times, with reorder points set for key materials and safety stock levels assessed on a timely basis to maintain continuity of production. We source key raw materials from multiple suppliers where practicable to mitigate concentration risk. Incoming materials are subject to quality inspection upon receipt, and we conduct periodic physical inventory counts to reconcile stock positions against book records. Inventory ageing and turnover are reviewed on a regular basis, and items identified as slow-moving or otherwise impaired are written down to net realisable value.

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

	Year Ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	339	314	205

Notes:

(1) Inventory turnover days for a year equals the average of the gross value of the opening and closing inventories balance divided by cost of sales for the relevant year and multiplied by 365 days for a fiscal year.

Our inventory turnover days were primarily affected by production cycles, customer delivery deadlines and other related factors that we take into consideration in ensuring timely supply during regular production processes. Our turnover days decreased from 339 days in 2023 to 314 days in 2024, and further to 205 days in 2025, primarily due to optimization of our operational efficiency with increased demand of our downstream customers.

As of February 28, 2026, RMB45.7 million, or 8.0% of our inventories as of December 31, 2025, has been subsequently utilized.

Trade and Bills Receivables

Trade and bills receivables are amounts due for goods sold in the ordinary course of business. Our trade and bills receivables increased from RMB250.8 million as of December 31, 2023 to RMB343.7 million as of December 31, 2024, and increased further to RMB474.8 million as of December 31, 2025, primarily due to the growth in our sales revenue.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	192,054	227,871	298,239
One to two years	28,574	84,359	71,742
Two to three years	3,936	10,312	31,199
More than three years	1,459	656	6,399
Total	**226,023**	**323,198**	**407,579**

Our credit terms offered to customers typically range from two months to six months. In view of the aforementioned, there is no significant concentration of credit risks.

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

	Year Ended December 31,		
	2023	2024	2025
Trade receivable turnover days[1]	378	247	141

Notes:

(1) Trade receivable turnover days for a period equals the average of the gross value of the opening and closing trade receivable balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

Our trade receivable turnover days decreased from 378 days in 2023 to 247 days in 2024, and further to 141 days in 2025, primarily due to (i) our enhanced collection efforts which accelerated the receipt of payments from our customers and (ii) the optimization of our customer base driven by the increase in the revenue from automotive OEMs who generally have better payment policies.

As of February 28, 2026, RMB60.8 million, or 10.5% of our trade receivable as of December 31, 2025, has been subsequently settled.

Other Receivables

Our other receivables increased from RMB111.0 million as of December 31, 2023 to RMB209.8 million as of December 31, 2024, and further increased to RMB371.0 million as of December 31, 2025, primarily due to a continued increase in VAT recoverable driven by increased procurement of equipment, materials and construction services, as well as an increase in advances to suppliers, as we scaled up our production capacity.

The following table sets forth the carrying amount of our other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Value-Added Tax ("VAT") recoverable	55,922	127,505	268,087
Advances to suppliers	18,803	43,428	68,053
Deposits and guarantees	20,214	20,734	16,223
Other	17,769	21,426	22,485
Less: allowance for credit losses	(1,665)	(3,317)	(3,815)
Total	**111,043**	**209,776**	**371,033**

Liabilities

Trade and Bills Payables

Our trade and bills payables arise from ordinary course of business. We typically have credit terms within 60 days from our suppliers. Our trade and bills payables increased from RMB225.0 million as of December 31, 2023 to RMB456.1 million as of December 31, 2024, and further increased to

RMB1,050.0 million as of December 31, 2025, primarily due to the expansion of our development and production scale, which led to increased procurement of raw materials and related contract manufacturing services.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables	130,571	277,832	574,607
Bills payables	94,398	178,300	475,441
Total	**224,969**	**456,132**	**1,050,048**

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	116,910	256,555	533,639
Over one year	13,661	21,277	40,968
Total	**130,571**	**277,832**	**574,607**

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

	Year Ended December 31,		
	2023	2024	2025
Trade payable turnover days[(1)]	145	149	130

Notes:

(1) Trade payable turnover days for a period equals the average of the gross value of the opening and closing trade payable balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year).

Our trade payable turnover days remained relatively stable at 145 days and 149 days in 2023 and 2024, respectively, before decreasing to 130 days in 2025. The decrease in 2025 was primarily because we prioritized timely settlement of amounts due to key suppliers as part of our broader efforts to secure supply chain stability and ensure uninterrupted access to critical raw materials.

As of February 28, 2026, RMB102.2 million, or 17.8% of our trade payables as of December 31, 2025, has been subsequently settled.

Other Payables and Accruals

As of December 31, 2023, 2024 and 2025, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payables for purchase of property, plant and equipment	488,597	700,455	527,126
Payroll and welfare payables	31,951	49,546	86,053
Other taxes payables	10,121	16,435	20,419
Accrued expenses and payables	1,748	2,361	2,135
Others	2,408	1,768	5,318
Total	**534,825**	**770,565**	**641,051**

Our other payables and accruals increased from RMB534.8 million as of December 31, 2023 to RMB770.6 million as of December 31, 2024, primarily due to changes in payables for purchase of property, plant and equipment, reflecting the timing of payments for our ongoing capital expenditures. Our other payables and accruals decreased to RMB641.1 million as of December 31, 2025, primarily due to settlement of payables for purchase of property, plant and equipment, partially offset by an increase in payroll and welfare payables in line with our business expansion.

Contract Liabilities

Our contract liabilities primarily arise from sales of goods. Our contract liabilities increased from RMB66.9 million as of December 31, 2023 to RMB69.9 million as of December 31, 2024, primarily due to advanced payments collected from customers. Our contract liabilities subsequently decreased to RMB46.6 million as of December 31, 2025, primarily we have performed relevant contractual obligations.

LIQUIDITY AND CAPITAL RESOURCES

The following table presents our consolidated cash flow data for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash used in operating activities	(542,307)	(466,367)	(529,866)
Net cash used in investing activities	(248,613)	(1,104,673)	(800,555)
Net cash generated from financing activities	3,041,664	3,080	988,199
Net increase/(decrease) in cash and cash equivalents	**2,250,744**	**(1,567,960)**	**(342,222)**
Cash and cash equivalents at beginning of the year	896,983	3,147,727	1,579,767
Cash and cash equivalents at end of the year	**3,147,727**	**1,579,767**	**1,237,545**

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity have been cash generated from Pre-[REDACTED] investments, and borrowings from banks.

Net Cash Used in Operating Activities

In 2025, our net cash used in operating activities was RMB529.9 million, which was primarily attributable to loss before tax of RMB1,299.9 million, mainly adjusted by (i) finance cost of RMB542.5 million, (ii) depreciation of property, plant and equipment, intangible assets and right-of-use assets of RMB137.3 million, and (iii) provision for inventories of RMB105.4 million. The amount was further adjusted by movements in working capital, primarily including (i) increase in trade, bills and other receivables of RMB373.3 million, and (ii) increase in inventories of RMB314.4 million.

In 2024, our net cash used in operating activities was RMB466.4 million, which was primarily attributable to loss before tax of RMB993.8 million, mainly adjusted by (i) finance cost of RMB502.3 million, and (ii) depreciation of property, plant and equipment, intangible assets and right-of-use assets of RMB78.1 million. The amount was further adjusted by movements in working capital, primarily including (i) increase in trade, bills and other receivables of RMB222.8 million, and (ii) increase in inventories of RMB166.0 million.

In 2023, our net cash used in operating activities was RMB542.3 million, which was primarily attributable to loss before tax of RMB846.1 million, mainly adjusted by (i) finance cost of RMB573.3 million, (ii) provision for inventories of RMB21.6 million, and (iii) impairment loss on financial assets of RMB23.1 million. The amount was further adjusted by movements in working capital, primarily including (i) increase in trade, bills and other receivables of RMB263.8 million, and (ii) increase in inventories of RMB91.9 million.

Net Cash Used in Investing Activities

In 2025, our net cash used in investing activities was RMB800.6 million, primarily attributable to (i) placement of time deposits and structured deposits of RMB3,420.0 million, (ii) purchase of and prepayments for acquisition of property, plant and equipment, intangible assets and right-of-use assets of RMB831.9 million and placement of restricted bank deposits of RMB595.6 million; partially offset by withdrawal of time deposits and structured deposits of RMB3,424.8 million.

In 2024, our net cash used in investing activities was RMB1,104.7 million, primarily attributable to (i) placement of time deposits and structured deposits of RMB10,800.0 million, and (ii) purchase of and prepayments for acquisition of property, plant and equipment, intangible assets and right-of-use assets of RMB826.5 million; partially offset by withdrawal of time deposits and structured deposits of RMB10,821.8 million.

In 2023, our net cash used in investing activities was RMB248.6 million, primarily attributable to (i) placement of time deposits and structured deposits of RMB4,460.0 million, and (ii) purchase of and prepayments for acquisition of property, plant and equipment, intangible assets and right-of-use assets of RMB577.5 million; partially offset by (i) withdrawal of time deposits and structured deposits of RMB4,508.2 million, and (ii) withdrawal of restricted bank deposits of RMB264.4 million.

Net Cash Generated from Financing Activities

In 2025, our net cash generated from financing activities was RMB988.2 million, primarily attributable (i) new bank borrowings raised of RMB721.0 million, and (ii) capital contributions received from the minority shareholder of the subsidiary of RMB327.8 million; partially offset by (i) repayments of lease liabilities of RMB64.4 million, and (ii) repayments of bank borrowings of RMB29.4 million.

In 2024, our net cash generated from financing activities was RMB3.1 million, primarily attributable to (i) repayments of bank borrowings of RMB12.0 million, (ii) repayment of lease liabilities of RMB7.6 million, and (iii) interest paid of RMB5.8 million; partially offset by new bank borrowings of RMB19.0 million.

In 2023, our net cash generated from financing activities was RMB3,041.7 million, primarily attributable to (i) cash received from capital contributions of RMB2,700.0 million, (ii) cash received by subsidiaries from minority shareholder's capital contribution of RMB207.8 million and (iii) new bank borrowings raised of RMB148.0 million.

WORKING CAPITAL

Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net [REDACTED] from the [REDACTED], our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the net [REDACTED] we will receive from the [REDACTED].

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current				
Borrowing	8,165	115,540	242,779	179,922
Lease liabilities	44,331	62,421	42,034	21,954
Redemption liabilities	6,681,258	7,178,945	7,712,640	7,777,814
Non-Current				
Borrowing	140,000	40,000	604,001	1,328,894
Lease liabilities	73,038	51,054	183,837	164,561
Total	**6,946,792**	**7,447,960**	**8,785,291**	**9,473,145**

Borrowing

Our borrowings amounted to RMB148.2 million, RMB155.5 million, RMB846.8 million and RMB1,508.8 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. For the interest rate profile of our interest-bearing bank borrowings during the Track Record Period, see Note 30 to the Accountants' Report in Appendix I to this Document. As of December 31, 2023, 2024 and 2025 and February 28, 2026, nil, RMB10.5 million, RMB715.8 million and RMB1,369.8 million of our borrowings were secured by property, plant and equipment, right-of-use asset, bill receivables and restricted bank deposits. We had unsecured borrowings of RMB148.2 million, RMB145.0 million, RMB131.0 million and RMB139.0 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. As of February 28, 2026, we had unutilized bank facilities of RMB3,488.7 million.

Lease liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded non-current lease liabilities of RMB73.0 million, RMB51.1 million, RMB183.8 million and RMB164.6 million, respectively, as of December 31, 2023, 2024 and 2025, and February 28, 2026. We recorded current lease liabilities of RMB44.3 million, RMB62.4 million, RMB42.0 million and RMB22.0 million, respectively, as of December 31, 2023, 2024 and 2025 and February 28, 2026.

Redemption Liabilities

We recorded redemption liabilities of RMB6,681.3 million, RMB7,178.9 million, RMB7,712.6 million and RMB7,777.8 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively, in relation to the redemption rights of our certain Pre-[REDACTED] investors. For details, see Note 32 of the Accountants' Report in Appendix I to this Document. For details of our financing activities giving rise to such redemption liabilities, see "History, Development and Corporate Structure."

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of February 28, 2026 being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since February 28, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures were purchase and prepayment for acquisition of property, plant and equipment, intangible assets and right-of-use assets, amounting to RMB577.5 million, RMB826.5 million and RMB831.9 million, respectively, in 2023, 2024 and 2025, respectively. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities, our available banking facilities and [REDACTED] from the [REDACTED]. We will continue to make capital expenditures to meet the expected growth of our business. See "Future Plans and Use of [REDACTED] — Use of [REDACTED]."

CONTRACTUAL OBLIGATIONS

Capital Expenditure Related Commitments

Our capital commitments are related to capital expenditure on construction of plant and buildings and acquisition of machinery and equipment to be incurred but not yet recorded as liabilities. Our capital expenditure contracted for but not yet incurred as of December 31, 2023, 2024 and 2025 was RMB60.6 million, RMB135.7 million and RMB310.6 million, respectively. We expect to satisfy our capital commitments using cash from operations, net [REDACTED] to be received from the [REDACTED] and bank borrowings available to us.

OFF-BALANCE SHEET ARRANGEMENTS

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

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance. For details, see Note 42 to the Accountants' Report in Appendix I to this Document.

KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
Current ratio[1]	4.5	2.0	1.6
Gearing ratio[2]	0.1	0.1	0.3

Notes:

(1) Current ratio is calculated as total current assets at the end of the year divided by total current liabilities, excluding redemption liabilities.

(2) Gearing ratio is calculated based on total debt, including interest-bearing borrowings and lease liabilities, divided by total equity plus redemption liabilities, as of the date indicated.

Current Ratio

Our current ratio decreased from 4.5 as of December 31, 2023 to 2.0 as of December 31, 2024 and further to 1.6 as of December 31, 2025, primarily due to (i) decrease in cash and cash equivalents of resulting from our operational capital consumption, (ii) increases in trade and bills payables due to increased procurement activities in line with our business expansion, (iii) the increases in other payables and accruals due to accrued expenses and payables incurred in connection with our expanded business operations, and (iv) the increase in current portion of borrowings.

Gearing Ratio

Our gearing ratio remained low and stable at 0.1 as of December 31, 2023 and 2024, before increasing to 0.3 as of December 31, 2025. The increase in 2025 was primarily attributable to additional bank borrowings raised to support our production capacity expansion.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see "— Discussion of Results of Operations."

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our activities expose us to a variety of financial risks, primarily the interest risk, credit risk, liquidity risk, equity price risk and foreign currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For a detailed discussion on our market risk, see Note 38 to the Accountants' Report in Appendix I to this Document.

DIVIDEND

During the Track Record Period, no dividends have been declared and paid by us.

We may declare and pay dividends that we consider appropriate. The dividends will be primarily in the form of cash or shares. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our profitability, operation and development plans, external financing environment, costs of capital, our cash flows and other factors that our Directors may consider relevant. Future dividend payments will also depend upon the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of our after-tax profits, less appropriations to statutory and other reserves that we are required to make. As advised by our PRC Legal Adviser, we shall not pay dividends to our Shareholders until we have made up for accumulated losses. Distributions from the Company and our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future. Our Directors has the discretion to recommend any dividend. We currently do not have any pre-determined dividend payout ratio or formal dividend policy.

[REDACTED] EXPENSES

Based on the mid-point [REDACTED] of HK$[REDACTED] (being the mid-point of our [REDACTED] of HK$[REDACTED] to HK$[REDACTED] per [REDACTED]), the total [REDACTED] expenses (including [REDACTED]) payable by our Company are estimated to be approximately HK$[REDACTED] (equivalent to approximately RMB[REDACTED]), assuming the [REDACTED] is not exercised. These [REDACTED] expenses mainly comprise professional fees paid and payable to the professional parties, and [REDACTED] payable to the [REDACTED], for their services rendered in relation to the [REDACTED] and the [REDACTED].

As of December 31, 2025, we have incurred RMB[REDACTED] of [REDACTED] expenses for the [REDACTED], of which RMB[REDACTED] was charged to our consolidated statements of profit or loss. We estimate that an additional [REDACTED] expenses of RMB[REDACTED] (including [REDACTED] of RMB[REDACTED], assuming the [REDACTED] is not exercised and based on an [REDACTED] of HK$[REDACTED] per [REDACTED]), accounting for [REDACTED]% of our gross [REDACTED], will be further incurred by our Group, of which RMB[REDACTED] is expected to be charged to our consolidated statements of profit or loss and RMB[REDACTED] is expected to be charged against equity upon the [REDACTED].

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of the Document, save as disclosed in subsequent event relating to redemption liabilities, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2025, the end of the period reported on the Accountants' Report included in Appendix I to this Document; and there has been no event since December 31, 2025 which would materially affect the information presented in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer.

Certain of our banking facilities include conditions that, among others, require our Controlling Shareholders to maintain their control of our Group, which will constitute a specific performance by our Controlling Shareholders under a loan agreement entered into by our Group under Rule 13.18 of the Listing Rules.

Our Directors confirm that, save as disclosed above, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules13.13 to 13.19 of the Listing Rules.