You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants' Report set forth in Appendix I to this Document. Our consolidated financial statements have been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. 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 that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this Document.

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

OVERVIEW

During the Track Record Period, we primarily generated revenue from the manufacturing and sales of vehicles and motorcycles, accounting for over 85% of our total revenue in each year/period during the Track Record Period.

We believe that the intelligent driving, smart cockpit and robotaxi are the core of "AI + Mobility", as these solutions capture where AI delivers the greatest functional, commercial and strategic value in modern transportation. Therefore, we took our first step in our AI transformation by building a comprehensive portfolio of intelligent driving solutions. We progressively expand our solutions to smart cockpit and robotaxi. In the fourth quarter of 2025, we generated revenue of RMB350.1 million from our technology solutions by providing non-recurring engineering services, with a gross profit margin of 30.4% in 2025.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRSs, which comprise all standards and interpretations approved by IASB. All IFRSs 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 historical financial information has been prepared under the historical cost convention.

Further details of the material accounting policy information adopted are set out in Note 2.3 of the Accountants' Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are influenced by general macroeconomic and industry conditions, such as overall economic growth, demand for AI solutions, growth the automotive sector, fluctuations in raw material costs, and evolving policies relating to vehicles and intelligent mobility solutions and technologies. Adverse movements in any of these areas may have a material impact on our business and results of operations.

In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Ability to Execute Our Strategies and Drive Revenue Growth

Historically, our revenue was primarily derived from sales of automobiles and motorcycles, with sales of these products making up more than 85% of over total revenue for each period during the Track Record Period. Going forward, as we continue to execute our "AI+Mobility" strategy, we are upgrading our growth engine from traditional vehicle manufacturing and sales to closed-loop "AI+Mobility" solutions that integrate manufacturing, engineering, and model-driven AI development. Building on our strengths in both vehicle manufacturing and AI, we offer integrated "AI + Mobility" solutions that include intelligent driving and Assistance Driving System and smart cockpit, and are expanding into robotaxi solutions. Our ability to attract and retain strategic customers is critical to our future revenue growth. Executing this strategy effectively will directly influence our top-line growth and long-term sustainability.

Ability to Expand Channels and Deepen Partnerships Key Strategic Customers

Our growth is closely linked to the expansion and diversification of our sales and distribution channels, both domestically and internationally. Our strategy focusing on key strategic customers provides a stable foundation for scaling these channels. By deepening long-term cooperation with leading OEM customers and leveraging joint development and platform-based solutions, we are able to embed our technologies across full model lineups and create a recurring, closed-loop business cycle. The combination of broad channel expansion and deep collaboration with key strategic customer supports both the diversification of our revenue base and the sustainability of our growth.

In parallel, overseas markets have become increasingly important contributor to our business. Our ability to deepen international market penetration through localized products, pricing, and partnerships will be key to diversifying revenue sources and support our future growth.

Ability to Improve Gross Margin

Our gross profit margin is affected by the mix of our product offerings. The introduction of new solutions with high gross profit margins will have a positive effect on our overall gross profit margin. During the Track Record Period, our cost of sales primarily consists of raw materials, manufacturing expenses, labor costs. We are pursuing margin uplift through centralized procurement, platform-based vehicle engineering, and intelligent manufacturing. We expect that continued application of intelligent manufacturing systems and supplier management initiatives will further enhance margins. Our ability to expand AI-enabled, higher-content models, lock in cost reductions through platformization, and mitigate input-cost swings will also be critical to our gross margin.

Ability to Manage Operating Expenses While Investing in R&D

Research and development expenses have expanded significantly in support of our strategy. R&D expenses grew from RMB214.8 million in 2023 to RMB406.6 million in 2024, and further to RMB821.8 million in 2025. To support our "AI + Mobility" solutions, we expect to continue to incur significant R&D expenses. While R&D has become our largest expense category, operating leverage has improved as both selling and marketing expenses and administrative expenses decreased in absolute amount and as a percentage of revenue from 2023 to 2024 due to efficiency gains. Balancing continued investment in innovation with prudent expense management will be essential for sustainable profitability.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. Our management continuously evaluates such estimates, assumptions, and judgments based on past experience, industry practices, and expectations of future events that are deemed reasonable under the circumstances. During the Track Record Period, there had not been any material deviation from our management's estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 2.3 to the Accountants' Report included in Appendix I to this Document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss, in absolute amounts and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
REVENUE	**6,698,322**	**100.0**	**6,963,852**	**100.0**	**9,876,042**	**100.0**
Cost of sales	(6,426,071)	(95.9)	(6,481,472)	(93.1)	(9,087,972)	(92.0)
Gross profit	**272,251**	**4.1**	**482,380**	**6.9**	**788,070**	**8.0**
Other income and gains	202,890	3.0	158,833	2.3	672,520	6.8
Selling and marketing expenses	(375,086)	(5.6)	(337,820)	(4.9)	(296,386)	(3.0)
Administrative expenses	(423,397)	(6.3)	(338,158)	(4.9)	(403,847)	(4.1)
Research and development expenses	(214,781)	(3.2)	(406,576)	(5.8)	(821,801)	(8.3)
Fair value gains on financial assets at fair value through profit or loss, net	–	–	–	–	46,463	0.5
Fair value gains/(losses) on investment properties	10,684	0.2	(95,587)	(1.4)	(51,753)	(0.5)
Impairment losses on financial assets, net	(18,303)	(0.3)	(3,561)	(0.1)	(80,567)	(0.8)
Other expenses	(87,100)	(1.3)	(139,219)	(2.0)	(358,718)	(3.6)
Finance costs	(123,445)	(1.8)	(93,336)	(1.3)	(72,450)	(0.7)
Share of profit of joint ventures and associates	413,770	6.2	488,247	7.0	442,704	4.5
LOSS BEFORE TAX	**(342,517)**	**(5.1)**	**(284,797)**	**(4.1)**	**(135,765)**	**(1.4)**
Income tax expense	80,345	1.2	(44,100)	(0.6)	(185,435)	(1.9)
LOSS FOR THE YEAR	**(262,172)**	**(3.9)**	**(328,897)**	**(4.7)**	**(321,200)**	**(3.3)**
Attributable to:						
Owners of the parent	24,213	0.4	40,017	0.6	84,408	0.9
Non-controlling interests	(286,385)	(4.3)	(368,914)	(5.3)	(405,608)	(4.1)
	(262,172)	(3.9)	(328,897)	(4.7)	(321,200)	(3.3)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	0.01		0.01		0.02	

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

The following table sets forth the breakdown of our revenue by product category, in absolute amounts and as a percentage of our total revenue, for the years indicated. For details on our revenue model and pricing policy, see "Business — Our Products and Solutions."

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Automobiles	3,694,618	55.2	4,175,891	60.0	6,347,224	64.3
Motorcycle	2,028,767	30.3	2,135,725	30.7	2,477,678	25.1
Technology solutions	–	–	–	–	350,076	3.5
Others						
– *General-purpose machinery*	400,252	6.0	428,136	6.1	397,733	4.0
– *Miscellaneous*	574,685	8.5	224,100	3.2	303,331	3.1
Total	**6,698,322**	**100.0**	**6,963,852**	**100.0**	**9,876,042**	**100.0**

Automobiles. In 2023, 2024 and 2025, revenue generated from sales of automobiles amounted to RMB3,694.6 million, RMB4,175.9 million and RMB6,347.2 million, respectively, accounting for 55.2%, 60.0% and 64.3% of our total revenue, respectively.

Motorcycles. In 2023, 2024 and 2025, revenue generated from sales of motorcycles amounted to RMB2,028.8 million, RMB2,135.7 million and RMB2,477.7 million, respectively, accounting for 30.3%, 30.7% and 25.1% of our total revenue, respectively.

Technology solutions. In the fourth quarter of 2025, revenue generated from rendering of technology solutions amounted to RMB350.1 million, accounting for 3.5% of our total revenue.

Others. In addition, to a lesser extent, we also generated other revenues primarily including sales of general-purpose machinery and miscellaneous sales such as real estate and spare parts. In 2023, 2024 and 2025, our other revenue amounted to RMB974.9 million, RMB652.2 million and RMB701.1 million, respectively, accounting for 14.5%, 9.3% and 7.1% of our total revenue, respectively.

The following table sets forth our sales volume of automobiles and motorcycles for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Automobiles ('000 units)	42.3	57.8	106.3
Motorcycles ('000 units)	336.6	388.6	447.3

The sales volume of our motorcycles increased from 336.6 thousand units in 2023 to 388.6 thousand units in 2024, and further to 447.3 thousand units in 2025, and the sales volume of our automobiles increased from 42.3 thousand units in 2023 to 57.8 thousand units in 2024, and further to 106.3 thousand units in 2025. Such increases were primarily attributable to our continued business expansion, enhanced market penetration across different regions and improved market acceptance of our products.

The following table sets forth the breakdown of our revenue by geographical markets, in absolute amounts and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Chinese Mainland	4,455,793	66.5	4,135,506	59.4	5,973,290	60.5
Overseas	2,242,529	33.5	2,828,346	40.6	3,902,752	39.5
Total	**6,698,322**	**100.0**	**6,963,852**	**100.0**	**9,876,042**	**100.0**

Cost of Sales

Cost of sales for our products primarily includes costs of raw materials, direct labor, and manufacturing overhead. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Raw materials	5,602,060	87.2	5,908,748	91.2	7,886,830	86.8
Direct labor	133,988	2.1	144,336	2.2	242,933	2.7
Manufacturing overhead	183,100	2.8	199,342	3.1	411,396	4.5
Others	506,923	7.9	229,046	3.5	546,813	6.0
Total	**6,426,071**	**100.0**	**6,481,472**	**100.0**	**9,087,972**	**100.0**

Gross Profit and Gross Profit Margin

Gross profit is calculated as total revenue minus cost of sales. The ratio of gross profit to total revenue is referred to as the gross profit margin. The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Automobiles	(195,623)	(5.3)	48,852	1.2	180,476	2.8
Motorcycle	245,856	12.1	246,388	11.5	289,263	11.7
Technology solutions	–	–	–	–	106,445	30.4
Others						
– *General-purpose machinery*	75,291	18.8	88,838	20.7	82,996	20.9
– *Miscellaneous*	146,727	25.5	98,302	43.9	128,890	42.5
	272,251	**4.1**	**482,380**	**6.9**	**788,070**	**8.0**

We recorded gross profits of RMB272.3 million, RMB482.4 million and RMB788.1 million in 2023, 2024 and 2025, respectively. The fluctuations of our gross profit during the Track Record Period were mainly attributable to (i) changes in our product mix, and (ii) improvements in our productivity and cost efficiency.

Our gross profit margins amounted to 4.1%, 6.9% and 8.0% in 2023, 2024 and 2025, respectively.

Other Income and Gains

Our other income and gains primarily consists of (i) government grants, subsidies for industrial development and R&D investment received from government authorities, (ii) interest income, (iii) additional deduction for value-added tax, (iv) exchange gains, net, mainly arising from sales in Russia, (v) gains on disposal of investments in associates, net, (vi) gains on liquidation of subsidiaries, net, (vii) gains on disposal of subsidiaries, net, and (viii) others.

The following table sets forth the breakdown of our other income and gains for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Other income						
Government grants	12,032	5.9	5,943	3.7	393,257	58.5
Interest income	67,916	33.5	63,696	40.1	83,780	12.5
Additional deduction for value-added tax	13,463	6.6	21,877	13.8	16,364	2.4
Others	7,353	3.6	3,759	2.4	7,560	1.1
Total other income	**100,764**	**49.6**	**95,275**	**60.0**	**500,961**	**74.5**
Other gains						
Exchange gains, net	26,315	13.0	–	–	85,656	12.7
Gains on disposal of investments in associates, net	10,183	5.0	1,434	0.9	–	–
Gains on liquidation of subsidiaries, net	62,439	30.8	–	–	–	–
Gains on disposal of subsidiaries, net:	–	–	–	–	32,122	4.8
Gains on disposal of items of property, plant and equipments and other intangible assets	3,189	1.6	18,294	11.5	53,781	8.0
Gains on termination of lease	–	–	860	0.5	–	–
Gains on debt restructuring	–	–	42,970	27.1	–	–
Total gains	**102,126**	**50.4**	**63,558**	**40.0**	**171,559**	**25.5**
Total other income and gains	**202,890**	**100.0**	**158,833**	**100.0**	**672,520**	**100.0**

Selling and Marketing Expenses

Our selling and marketing expenses consist of (i) employee benefit expenses, (ii) travel and office expenses, (iii) business development expenses, and (iv) others.

The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as a percentage of our total selling and marketing expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee benefit expenses	124,432	33.2	103,672	30.7	105,560	35.6
Travel and office expense	46,222	12.3	57,808	17.1	47,265	15.9
Business development expenses	170,566	45.5	148,776	44.0	116,245	39.2
Others	33,866	9.0	27,564	8.2	27,316	9.2
Total	**375,086**	**100.0**	**337,820**	**100.0**	**296,386**	**100.0**

In 2023, 2024 and 2025, our selling and marketing expenses amounted to RMB375.1 million, RMB337.8 million and RMB296.4 million, respectively.

Administrative Expenses

Our administrative expenses consist of (i) employee benefit expenses, (ii) travel expenses, (iii) professional service expenses, (iv) office and business hospitality expenses, (v) lease, depreciation and amortization, (vi) taxes, (vii) [**REDACTED**], and (viii) others.

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as a percentage of our total administrative expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee benefit expenses	212,392	50.2	158,028	46.7	219,368	54.3
Travel expenses	15,422	3.6	12,678	3.7	12,906	3.2
Professional service expenses	13,368	3.2	6,277	1.9	19,228	4.8
Office and business hospitality expenses	27,628	6.5	35,412	10.5	27,677	6.9
Lease, depreciation and amortization	85,926	20.3	64,299	19.0	56,467	14.0
Taxes	42,196	10.0	45,612	13.5	44,514	11.0
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	26,465	6.2	15,852	4.7	22,078	5.4
Total	**423,397**	**100.0**	**338,158**	**100.0**	**403,847**	**100.0**

In 2023, 2024 and 2025, our administrative expenses amounted to RMB423.4 million, RMB338.2 million and RMB403.8 million, respectively.

Research and Development Expenses

In 2023, 2024 and 2025, our research and development expenses amounted to RMB214.8 million, RMB406.6 million and RMB821.8 million, respectively.

Fair Value Gains/(Losses) on Investments Properties

Our fair value gains/(losses) on investments properties represent changes in fair value of our investment properties, reflecting valuations at the reporting date. We recorded fair value gains/(losses) on investments properties of RMB10.7 million, RMB(95.6) million and RMB(51.8) million in 2023, 2024 and 2025, respectively.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net represent expected credit losses or reversals on our receivables and other financial assets. We recorded impairment losses on financial assets, net of RMB18.3 million, RMB3.6 million and RMB80.6 million in 2023, 2024 and 2025, respectively.

Other Expenses

Other expenses primarily consist of (i) impairment losses on goodwill, (ii) impairment losses on property, plant and equipment, (iii) indemnity expenses, mainly relating to indemnities for late delivery of properties, (iv) losses on disposal of property, plant and equipment, (v) losses on debt restructuring, (vi) impairment losses on other intangible assets, (vii) discount interests and fees, (viii) exchange losses, net, and (ix) others.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Discount fees	17,466	20.1	17,935	12.9	26,445	7.4
Impairment losses on goodwill	44,915	51.6	40,690	29.2	64,209	17.9
Impairment losses on property, plant and equipment	679	0.8	–	–	23,452	6.5
Impairment losses on Investments in associates	–	–	–	–	37,850	10.6
Losses on pending litigation	1,336	1.5	–	24.4	233	0.1
Indemnity expenses	14,288	16.4	33,989	–	9,217	2.6
Losses on disposal of property, plant and equipments	290	0.3	949	0.7	475	0.1
Losses on debt restructuring	5,361	6.2	–	–	33,595	9.4
Losses on termination of lease	–	–	–	–	76	0.0
Impairment losses on other intangible assets	28	0.0	–	–	155,420	43.3
Exchange losses, net	–	–	41,268	29.6	–	–
Others	2,737	3.1	4,388	3.2	7,746	2.1
Total	**87,100**	**100.0**	**139,219**	**100.0**	**358,718**	**100.0**

We recorded other expenses of RMB87.1 million, RMB139.2 million and RMB358.7 million in 2023, 2024 and 2025, respectively. Losses on debt restructuring arose from the commencement of judicial restructuring following an adjudicated bankruptcy in August 2020. The restructuring plan was approved by the court on November 30, 2020, with a three-year execution period through February 2024. Therefore, the difference between the carrying amount of restructuring financial liability and the consideration paid was recognized in profit or loss. For the year ended December 31, 2025, the losses on debt restructuring were primarily related to Group's subsidiary Runtian Real Estate who satisfied its debt obligation by contributing its properties held for sale.

During the Relevant Periods, We recognized impairment losses on property, plant and equipments amounting to RMB679 thousand, nil and RMB23.5 million, respectively, due to certain property, plant and equipments being idle, scrapped, or technologically outdated. The impairment losses recognized on goodwill was attributable to the overall decline in market of real estate in Chongqing which led to a decrease in demand and selling prices of the real estate.

Finance Costs

Our finance costs consist of (i) interest on interest-bearing bank and other borrowings and (ii) interest on lease liabilities. We recorded finance costs of RMB123.4 million, RMB93.3 million and RMB72.5 million in 2023, 2024 and 2025, respectively. The following table sets forth the breakdown of our finance costs, in absolute amounts and as a percentage of our total finance costs, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Interest on interest bearing bank and other borrowings	123,228	99.8	93,168	99.8	72,133	99.6
Interest on lease liabilities	217	0.2	168	0.2	317	0.4
Total	**123,445**	**100.0**	**93,336**	**100.0**	**72,450**	**100.0**

Share of Profits of Joint Ventures and Associates

Our share of profits of joint ventures and associates amounted to RMB413.8 million, RMB488.2 million and RMB442.7 million in 2023, 2024 and 2025, respectively.

Income Tax Credit/(Expense)

Income tax expense refer to the aggregate amount of taxes incurred in a given period, calculated in accordance with the EIT Law and its corresponding implementation regulations. It consists of current income tax, the tax payable on taxable profits for the current period, and deferred income tax, which arises from temporary differences between the accounting and tax treatment of certain items, recognized in accordance with applicable accounting standards.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax was calculated based on the statutory tax rate of 25% during the Track Record Period, except for our Company and certain subsidiaries in Chinese Mainland which were registered as High and New Technology Enterprises pursuant to the PRC tax regulations and were entitled to a preferential tax rate of 15% for the Track Record Period.

Meanwhile, certain of our subsidiaries that have applied the Income Tax Policy for Western Development pursuant to the PRC tax regulations were entitled to a preferential tax rate of 15% for the Track Record Period.

Certain of our subsidiaries have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3.0 million shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20%.

The effective tax rate in 2024 decreased primarily due to profitable entities utilizing deductible losses from prior years. In 2025, the effective tax rate increased mainly due to tax losses and deductible temporary differences not recognised.

The provision of PRC land appreciation tax is estimated per the requirements outlined in the relevant PRC tax laws and regulations. PRC land appreciation tax has been provided at progressive rates of the appreciation value, with certain allowable deductions, including land costs, borrowing costs, and the relevant property development expenditures.

We recorded income tax credit/(expense) of RMB80.3 million, RMB(44.1) million and RMB(185.4) million in 2023, 2024 and 2025, respectively.

During the Track Record Period and as of the Latest Practicable Date, we were not subject to any tax penalties.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB262.2 million, RMB328.9 million and RMB321.2 million in 2023, 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased from RMB6,963.9 million in 2024 to RMB9,876.0 million in 2025, primarily due to increased revenue from sales of automobiles and motorcycles.

Automobiles. Revenue from sales of automobiles increased by 52.0% from RMB4,175.9 million in 2024 to RMB6,347.2 million in 2025, primarily attributable to increased sales volume as we expanded our product lineup, diversified sales channels, and increased exports. Our sales of automobiles increased from around 57.8 thousand in 2024 to around 106.3 thousand in 2025.

Motorcycles. Revenue from sales of motorcycles increased by 16.0% from RMB2,135.7 million in 2024 to RMB2,477.7 million in 2025, primarily attributable to an increase in sales volume as we expanded our customer base and increased exports. Our sales of motorcycles increased from around 388.6 thousand in 2024 to around 447.3 thousand in 2025.

Technology solutions. In the fourth quarter of 2025, we generated revenue of RMB350.1 million from our technology solutions by providing non-recurring engineering services.

Cost of Sales

Our cost of sales increased by 40.2% from RMB6,481.5 million in 2024 to RMB9,088.0 million in 2025, primarily due to increased sales volume, resulting in an increase in cost of raw materials of RMB1,978.1 million, which was mostly in line with increased sales volumes for automobiles and motorcycles.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 63.4% from RMB482.4 million in 2024 to RMB788.1 million in 2025, and our gross profit margin increased from 6.9% in 2024 to 8.0% during the same period in 2025, mainly due to changes in product mix. In particular, gross profit for our motorcycles segment increased from RMB246.4 million in 2024 to RMB289.3 million in 2025, and gross profit margin for motorcycles remained relatively stable from 2024 to 2025. Our automobiles segment recorded gross profit of RMB180.5 million in 2025, increasing from RMB48.9 million in 2024. Gross profit margin for that segment increased from 1.2% in 2024 to 2.8% in 2025, primarily attributable to economies of scale driven by increased sales volume and improved capacity utilization, which led to a reduction in per-unit manufacturing costs. In addition, the higher sales volume enhanced our bargaining power with suppliers, resulting in more favorable procurement terms and effective cost reductions. Moreover, our technology solutions recorded a gross profit of RMB106.4 million with a gross profit margin of 30.4% in 2025.

Other Income and Gains

Our other income and gains increased by 323.4% from RMB158.8 million in 2024 to RMB672.5 million in 2025, primarily attributable to an increase of RMB405.7 million in total other income, which mainly resulted from an increase in government grants of RMB387.3 million due to project grants from local governments. Total other gains also increased by RMB108.0 million, mainly due to an increase in exchange gains, net of RMB85.7 million due to favorable currency fluctuations that positively impacted our foreign exchange position.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 12.3% from RMB337.8 million in 2024 to RMB296.4 million in 2025, primarily attributable to a decrease of RMB32.5 million in business development expenses resulting from strategic cuts in related expenditure following the effective outcomes of prior investments.

Administrative Expenses

Our administrative expenses increased by 19.4% from RMB338.2 million in 2024 to RMB403.8 million in 2025, primarily attributable to (i) an increase in employee benefit expenses of RMB61.3 million due to an increase in compensation paid to of administrative personnel, and (ii) an increase in professional service expenses of RMB13.0 million as we engaged agencies to identify target personnel for our AI+ transition.

Research and Development Expenses

Our research and development expenses increased by 102.1% from RMB406.6 million in 2024 to RMB821.8 million in 2025, primarily attributable to increased investment in new R&D projects as we developed new solutions offerings.

Fair Value Losses on Investment Properties

Our fair value losses on investment properties decreased from RMB95.6 million in 2024 to RMB51.8 million in 2025, primarily due to revised investment property valuations in 2025.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net increased from RMB3.6 million in 2024 to RMB80.6 million in 2025, primarily due to provisions for impairment loss on expected non-recoverable new energy subsidy receivables.

Other Expenses

Our other expenses increased by 157.7% from RMB139.2 million in 2024 to RMB358.7 million in 2025, primarily due to (i) an increase in impairment losses on other intangible assets of RMB155.4 million due to impairment relating to the discontinuation of production of certain models of passenger vehicles; and (ii) an increase in impairment losses on investments in associates of RMB37.9 million due to a decline in the recoverable value of such investments.

Finance Costs

Our finance costs decreased by 22.4% from RMB93.3 million in 2024 to RMB72.5 million in 2025, primarily due to a decrease in interest on interest-bearing bank and other borrowings of RMB21.0 million due to a reduction in outstanding borrowings.

Share of Profit of Joint Ventures and Associates

Our share of profit of joint ventures and associates decreased by 9.3% from RMB488.2 million in 2024 to RMB442.7 million in 2025, primarily attributable to fluctuations in the performance of our associates.

Income Tax Expense

We recorded income tax expense of RMB44.1 million and RMB185.4 million in 2024 and 2025, respectively.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 2.3% from RMB328.9 million in 2024 to RMB321.2 million in 2025.

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

Revenue

Our revenue increased by 4.0% from RMB6,698.3 million in 2023 to RMB6,963.9 million in 2024, mainly due to increased revenue from sales of automobiles and motorcycles.

Automobiles. Revenue from sales of automobiles increased by 13.0% from RMB3,694.6 million in 2023 to RMB4,175.9 million in 2024, primarily attributable to increased sales volume as we expanded our product lineup, diversified sales channels, and increased exports. Our sales of automobiles increased from around 42 thousand in 2023 to around 58 thousand in 2024.

Motorcycles. Revenue from sales of motorcycles remained relatively stable at RMB2,028.8 million in 2023 and RMB2,135.7 million in 2024. Our sales of motorcycles increased from around 337 thousand in 2023 to around 389 thousand in 2024.

Cost of Sales

Our cost of sales remained relatively stable at RMB6,426.1 million in 2023 and RMB6,481.5 million in 2024.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 77.2% from RMB272.3 million in 2023 to RMB482.4 million in 2024 and our gross profit margin increased from 4.1% in 2023 to 6.9% in 2024. In particular, our automobiles segment recorded gross profit of RMB48.9 million in 2024, improving from negative RMB195.6 million in 2023. Gross profit margin for that segment improved from negative 5.3% in 2023 to 1.2% in 2024, largely due to cost reductions achieved through procurement and an increase in exports. Gross profit and gross profit margin for our motorcycles segment remained relatively stable from 2023 to 2024.

Other Income and Gains

Our other income and gains decreased by 21.7% from RMB202.9 million in 2023 to RMB158.8 million in 2024, primarily attributable to a decrease in total gains of RMB44.1 million, which mainly resulted from an RMB8.7 million decrease in gains on disposal of investments in associates, net as debt recovery from associates fell year-over-year. This was partially offset by an RMB43.0 million increase in gains on debt restructuring, with debts that did not need to be repaid under the restructuring plan being cleared.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 9.9% from RMB375.1 million in 2023 to RMB337.8 million in 2024, primarily attributable to (i) a decrease in business development expenses of RMB21.8 million as the initial marketing promotions for the LIVAN brand were reduced and (ii) a decrease in employee benefit expenses of RMB20.8 million due to a reduction in headcount of selling and marketing personnel.

Administrative Expenses

Our administrative expenses decreased by 20.1% from RMB423.4 million in 2023 to RMB338.2 million in 2024, primarily attributable to (i) a decrease in employee benefit expenses of RMB54.4 million due to a reduction in headcount of administrative personnel and (ii) a decrease in lease, depreciation and amortization of RMB21.6 million as certain administrative equipment became fully amortized, resulting in a reduction of depreciation for the year.

Research and Development Expenses

Our research and development expenses increased by 89.3% from RMB214.8 million in 2023 to RMB406.6 million in 2024, primarily due to new vehicle model development projects.

Fair Value Gains/(Losses) on Investment Properties

Our fair value gains on investment properties decreased from RMB10.7 million in 2023 to negative RMB95.6 million in 2024, primarily due to adverse market conditions in 2024.

Impairment Losses on Financial Assets, Net

The impairment losses on financial assets, net decreased from RMB18.3 million in 2023 to RMB3.6 million in 2024, primarily due to strengthening of our credit screening and management policies and improved collection efforts.

Other Expenses

Our other expenses increased by 59.8% from RMB87.1 million in 2023 to RMB139.2 million in 2024, primarily due to (i) an increase in exchange losses, net of RMB41.3 million due to currency rate fluctuations and (ii) an increase in indemnity expenses of RMB19.7 million related to a contract with a commercial management company.

Finance Costs

Our finance costs decreased by 24.4% from RMB123.4 million in 2023 to RMB93.3 million in 2024, primarily due to a decrease in interest on interest-bearing bank and other borrowings of RMB30.1 million as we repaid several short and long-term loans in 2024.

Share of Profit of Joint Ventures and Associates

Our share of profit of joint ventures and associates increased by 18.0% from RMB413.8 million in 2023 to RMB488.2 million in 2024, driven by improved performance of associates in 2024.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB80.3 million in 2023 and income tax expense of RMB44.1 million in 2024.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 25.4% from RMB262.2 million in 2023 to RMB328.9 million in 2024.

PATH TO PROFITABILITY

We have incurred net loss during the Track Record Period mainly due to the loss recorded by our automobile business and the significant upfront investment of our technology solutions. For details, see "Business – Business Sustainability." To achieve our sustained profitable growth, we aim to continuously expand our business scale driving revenue growth and gross margin improvement across all businesses, while enhancing operating leverage and efficiency, and improving working capital efficiency.

Expanding Business Scale and Enhance Gross Margin

Automobile and Motorcycle Businesses — Steady and Healthy Growth

During the Track Record Period, we generated revenue primarily from sale of automobiles and motorcycles. We plan to sustain steady, healthy growth in these businesses while improving gross margin through economies of scale and technological advancement. For our automobile business, we experienced a stable increase in revenues during the Track Record Period. In 2023, 2024 and 2025, revenue generated from sales of automobiles amounted to RMB3,694.6 million, RMB4,175.9 million, and RMB6,347.2 million, respectively. In the same periods, the sales volume of our automobiles were 42.3 thousand units, 57.8 thousand units, and 106.3 thousand units, respectively. As we expanded our product lineup and diversified sales channels, our automobile business rebounded since 2024 and accelerated in 2025, with revenue up 52.0% and sales volume up 83.9% from 2024 to 2025.

For our automobile business, we will (i) drive growth in revenue and sales volume by enhancing our sales network, improving brand recognition, and optimizing our product portfolio; and (ii) enhance gross profit margin through economies of scale, efficient cost management and focus on high-margin models. We have already achieved significant progress in implementing these measures, as evidenced by the improving gross profit margin of our automobile business from (5.3)% in 2023 to 1.2% in 2024 and further to 2.8% in 2025. Going forward, we will also improve the gross profit margin of our automobile business by integrating our technological capabilities in intelligent driving and Assistance Driving System and smart cockpit, to further enhance the competitiveness of our vehicles.

Our automobile business has gradually achieved economies of scale, delivering cost advantages on two fronts. First, higher capacity utilization has effectively reduced our fixed-cost burden per unit. Second, leveraging our growing scale, we have continued to strengthen our cost control measures through initiatives such as centralized procurement with suppliers and optimization of design processes, which are expected further improve gross profit margin. Taking engines and transmissions as an example, leveraging our improved volume and cost management, the revised pricing structure has yielded an approximate 10% reduction in per-vehicle cost. We are also actively optimizing our motorcycle product mix by increasing the sales proportion of high-value, high-margin models, including the Starship series and V16 series, thereby driving overall gross profit growth. In parallel, we also instituted disciplined cost management across the procurement, manufacturing and sales process, curtailing non-essential expenditures to enhance overall profitability.

These measures have been implemented and achieved encouraging results. In 2023, 2024 and 2025, the gross profit margin of our automobiles business was -5.3%, 1.2% and 2.8%, respectively. We recorded improving gross profit margins by enhancing cost efficiency through economies of scale. As production and sales volumes gradually ramp up, we expect greater manufacturing efficiency and more favorable terms from suppliers via centralized procurement. In addition, we are optimizing our product mix by offering vehicles with advanced features. Going forward, with continued growth in automobile sales volume, we expect to achieve further improvement in gross margin.

During the Track Record Period, we recorded stable yet growing revenue from sale of motorcycles. In 2023, 2024 and 2025, our revenue generated from sales of motorcycles amounted to RMB2,028.8 million, RMB2,135.7 million and RMB2,477.7 million, respectively. Gross profit margin from motorcycles remained relatively stable, being 12.1%, 11.5% and 11.7% in the same periods, respectively. Similar to our automobile business, we plan to sustain the steady, healthy growth in sales of motorcycles through expanded product portfolio and customer base, and to improve gross profit margin through economies of scale.

Technology Solutions — on Track to Accelerate Commercialization

On June 27, 2025, we established Afari Intelligent Drive in the PRC, as a joint venture with certain third parties, to provide technology solutions. As of the Latest Practicable Date, Afari Intelligent Drive remained at the beginning stage of commercialization. In 2025, we already generated revenues of RMB350.1 million from our technology solutions, illustrating strong commercialization trajectory. We expect revenues from technology solutions to grow in the future based on the following factors:

- Vast Market Opportunities. According to CIC, the market size of China's intelligent driving and Assistance Driving System solutions is expected to reach RMB104.1 billion in 2025 and further expand to RMB368.9 billion by 2030, representing a CAGR of 28.8% during the period. For details, see "Industry Overview." We believe that we are well-positioned to capture significant market shares in these sectors, leveraging our (i) full-stack capabilities spanning from manufacturing and engineering, to AI capabilities, and software and hardware R&D; (ii) full-suite AI-powered offerings to meet the evolving needs of strategic customers by enhancing user experience and improving cost control; and (iii) full-collaboration with key strategic customers, primarily global leading OEMs, which enable us to generate sustainable revenue streams and establish long-term strategic relationship, as illustrated below.
- Unique Competitive Strengths. With our AI capabilities and integrated solutions, and leveraging our existing customer base, we believe that we are well-positioned to establish full-collaboration with key strategic customers. Specifically, our intelligent driving and Assistance Driving System solutions have been rigorously validated for key strategic partners, designed to meet a wide range of needs, from entry-level to high-end intelligent driving and Assistance Driving System and based on different hardware set. By combining intelligent driving and Assistance Driving System and smart cockpit technologies, we expect to launch robotaxi solutions to further diversify our commercialization methods. In addition, we have a core team with AI expertise, shaping R&D and product design from an AI-native perspective. Most of them have over a decade of experience in AI technologies, and many have successfully led teams at leading global technology companies. The comprehensive experience and deep technological expertise of our AI R&D team enable us to gain critical insights into the transformation of the "AI+" industry and anticipate market needs and develop competitive solutions.
- Clear Trajectory of Commercialization. Despite the limited operating history of our technology solutions, we have demonstrated a clear trajectory of commercialization, supported by significant milestones and strategic partnerships. We are committed to a key customer-focused strategy, leveraging proven partnership models to deepen collaboration with global OEMs. Our proven capabilities enable us to deepen collaboration with existing customers by deploying our solutions across additional models. Although our technology solutions are still at an early stage of commercialization, we have already attracted strong customer demand. For example, in 2025, we generated revenue of RMB350.1 million from our intelligent driving and Assistance Driving System solutions, marking our initial success in commercializing these offerings. In addition, we have secured multiple MOUs with key strategic partners, which outline the framework for the sales of intelligent driving and Assistance Driving System solutions and formalizes the business model for future cooperation. According to CIC, in the automotive industry, MOUs typically signify a strong commitment to collaboration, as automakers must allocate resources and reserve production capacities in advance, indicating that meaningful revenue generation is likely to follow.
- Expand Global Footprints. We will adopt targeted overseas market strategies, focusing on regions with established or rapidly growing markets and expanding our presence accordingly, while also increasing our reach in other key global

regions. To support our overseas growth, we will establish local teams, covering technical support, marketing, and after-sales service to respond swiftly to customer needs. We also plan to integrate local resources to accelerate AI model iteration for overseas vehicle models. For example, we have entered into a MOU with a world-class German OEM, which outlines a framework for cooperation in the fields of AI, smart cockpit solutions, and intelligent driving and Assistance Driving System, further strengthening our global presence. Through our global expansion, we seek to access new customer bases, diversify our revenue streams and enhance our brand recognition in the long-run.

Enhance Operating Leverage and Efficiency

We aim to enhance operating efficiency across our business. As we grow our automobile and motorcycle businesses and scale the commercialization of our technology solutions, we also intend to leverage economies of scale to enhance long-term profitability.

During the Track Record Period, we allocated increasing resources on research and development to establish and maintain our capabilities in "AI + Mobility". In 2023, 2024 and 2025, our research and development expenses amounted to RMB214.8 million, RMB406.6 million, and RMB821.8 million, respectively, representing 3.2%, 5.8% and 8.3% of our total revenues for the same periods, respectively. To advance our "AI + Mobility" strategy and enhance our technology solutions, we expect R&D expenses to increase in the near term, primarily driven by increased R&D expenses related to technology solutions. We believe these upfront investments will enable us to scale efficiently and sustain our technological edge at lower incremental cost. Our platform-based technology solutions can be integrated across multiple models for each OEM, materially reducing development time and customization costs. Similarly, we also take a modularized and platform-approach for the R&D of our automobile and motorcycle products. This approach enables us to develop and apply the latest proprietary technologies to all our automobile and motorcycle with a shorter R&D cycle and achieve higher R&D efficiency. We have also invested heavily in expanding our R&D team and core technologies. As commercialization scales, we do not expect R&D expenses to grow in proportion to revenue in the long run. While R&D will remain a significant operating expense, we expect it to decline as a percentage of revenue over time.

Our general and administrative expenses amounted to RMB423.4 million, RMB338.2 million and RMB403.8 million in 2023, 2024 and 2025, respectively, representing 6.3%, 4.9% and 4.1% of our total revenues for the same years, respectively. Such decrease was primarily due to the economies of scale driven by our business expansion. We will continue to actively monitor our administrative expenses and promote operational efficiency. We plan to utilize digital and automation systems to further increase our administration efficiency. We expect our administrative expenses as a percentage of revenue to keep decreasing as our business continue to scale.

Our selling and marketing expenses amounted to RMB375.1 million, RMB337.8 million and RMB296.4 million in 2023, 2024 and 2025, respectively, representing 5.6%, 4.9% and 3.0% of our total revenues for the same years, respectively. Such decrease was primarily due to economies of scale and our enhanced brand recognition. For both technology solutions and sales of automobiles and motorcycles, we expect to benefit from more efficient customer acquisition through word-of-mouth referrals and enhanced brand awareness. In particular, for our technology solutions, we remain committed to our key customer-focused strategy, leveraging successful partnership models to deepen collaboration with leading OEMs globally. Partnering with a major OEM enables us to equip our solutions on multiple models across that OEM's lineup, securing recurring revenue streams and cross-sell opportunities as the OEM launches new models without incurring significant incremental sales and marketing expenses. As a result, we expect our selling and marketing expenses as a percentage of revenue to keep decreasing as our business continue to scale.

Improve Working Capital Efficiency

In 2023, we recorded cash used in operating activities of RMB238.8 million, primarily due to the increase in trade and bills receivables and our net loss. In addition, we recorded net current liabilities of RMB422.6 million as of December 31, 2024 and RMB888.9 million as of December 31, 2025, mainly attributable to the increase in other payables and accruals. We also expect to improve our cash flow and net current liabilities positions by continuously enhancing working capital efficiency by (i) improving our profitability through the measures outlined above, (ii) further enhancing our cash management, including but not limited to negotiating favorable payment terms with business partners.

Based on the financial resources available to us, including our cash and cash equivalents on hand, restricted cash and time deposits, unutilized bank facilities, and the estimated net [**REDACTED**] from the [**REDACTED**], and also taking into account of our historical cash burn rate, our Directors are of the view that we will have sufficient working capital for the next 12 months from the date of this document. Based on the foregoing, our Directors are of the view, and the Sole Sponsor concurs that our Group has a sustainable business and sufficient working capital. The forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. For related risks, see "Forward-looking Statements" section in this document.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR 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 has been extracted from our consolidated financial statements included in Appendix I to this Document.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Total non-current assets	13,268,797	13,627,903	20,552,378
Total current assets	8,530,283	8,085,759	9,017,434
Total assets	**21,799,080**	**21,713,662**	**29,569,812**
Total non-current liabilities	2,135,248	1,540,051	2,249,508
Total current liabilities	7,702,662	8,508,369	9,906,357
Total liabilities	**9,837,910**	**10,048,420**	**12,155,865**
Net assets	**11,961,170**	**11,665,242**	**17,413,947**

Current Assets and 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, except for percentages)			
Current assets				
Inventories	2,868,603	2,266,954	1,861,057	2,031,131
Trade and bills receivables	1,759,296	1,687,458	1,918,113	1,598,062
Prepayments, other receivables and other assets	477,685	451,943	555,969	554,458
Restricted cash	1,893,421	2,207,049	1,991,178	1,358,258
Time deposits	544,945	150,679	173,403	159,851
Cash and cash equivalents	986,333	1,321,676	2,517,714	1,618,829
Total current assets	**8,530,283**	**8,085,759**	**9,017,434**	**7,320,589**
Current liabilities				
Trade and bills payables	4,895,122	5,678,936	5,500,251	5,528,803
Contract liabilities	274,828	243,781	369,986	395,370
Other payables and accruals	1,640,826	1,383,724	1,686,440	2,221,621
Interest-bearing bank and other borrowings	868,679	1,195,939	2,337,469	436,114
Lease liabilities	5,085	812	8,912	10,839
Tax payable	18,122	5,177	3,299	1,806
Total current liabilities	**7,702,662**	**8,508,369**	**9,906,357**	**8,594,553**
Net current assets/(liabilities)	**827,621**	**(422,610)**	**(888,923)**	**(1,273,964)**

Our net current liabilities increased from RMB888.9 million as of December 31, 2025 to RMB1,274.0 million as of February 28, 2026, primarily due to (i) a decrease in cash and cash equivalents of RMB898.9 million, (ii) a decrease in restricted cash of RMB632.9 million, and (iii) an increase in other payables and accruals of RMB535.2 million. This was partially offset by (i) interest-bearing bank and other borrowings of RMB1,901.4 million, and (ii) an increase in inventories of RMB170.1 million.

Our net current liabilities increased from RMB422.6 million as of December 31, 2024 to RMB888.9 million as of December 31, 2025, primarily due to (i) an increase in other payables and accruals of RMB302.7 million, (ii) a decrease in inventories of RMB405.9 million, and (iii) a decrease in restricted cash of RMB215.9 million. This was partially offset by (i) an increase in cash and cash equivalents of RMB1,196.0 million, (ii) an increase in interest-bearing bank and other borrowings of RMB1,141.5 million, and (iii) an increase in trade and bills receivables of RMB230.7 million.

Our net current assets decreased from RMB827.6 million as of December 31, 2023 to become net liabilities of RMB422.6 million as of December 31, 2024, primarily due to (i) an increase in trade and bills payables of RMB783.8 million, (ii) a decrease in inventories of RMB601.6 million, (iii) a decrease in time deposits of RMB394.3 million, and (iv) an increase in interest-bearing bank and other borrowings of RMB327.3 million. This was partially offset by (i) an increase in restricted cash of RMB313.6 million and (ii) an increase in cash and cash equivalents of RMB335.3 million.

Assets

Property, Plant and Equipment

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Buildings	1,479,757	1,396,342	1,315,282
Machinery	441,833	497,571	466,267
Office equipment and electronic devices	18,738	14,829	24,203
Vehicles	5,501	20,988	17,360
Other equipment	1,269	4,983	13,712
Land	4,147	–	–
Construction in progress	65,969	32,940	29,597
Total	**2,017,214**	**1,967,653**	**1,866,421**

The carrying amount of our property, plant and equipment decreased from RMB2,017.2 million as of December 31, 2023 to RMB1,967.7 million as of December 31, 2024, mainly attributable to buildings decreasing by RMB83.4 million due to depreciation of buildings. Construction in progress also decreased by RMB33.0 million as certain construction projects were completed. This was partially offset by the increase in machinery of RMB55.7 million as we purchased machinery for capacity expansion.

The carrying amount of our property, plant and equipment decreased from RMB1,967.7 million as of December 31, 2024 to RMB1,866.4 million as of December 31, 2025, primarily attributable to buildings decreasing by RMB81.1 million due to depreciation of buildings. This was partially offset by the increase in office equipment and electronic devices of RMB9.4 million resulting from purchases of additional office equipment and electronic devices to support business expansion.

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent. We assessed whether any indication of impairment for all non-financial assets existed at the end of each reporting period in accordance with IAS 36 Impairment of Assets. Moreover, as a result of the low or negative gross margin of the passenger vehicles business, we performed an impairment test on the passenger vehicles cash-generating units ("**Passenger vehicles CGU**") engaged in the passenger vehicles business within the passenger vehicles segment. The assets allocated to the Passenger vehicles CGU include property, plant and equipment, other intangible assets (including capitalized development expenditures), right-of-use assets and other non-current assets related to the production, manufacturing, and research and development of passenger vehicles. As of December 31, 2023, 2024 and 2025, the headroom of the Passenger vehicles CGU was RMB146,159,000, RMB643,501,000 and RMB1,957,064,000, respectively, which was determined based on a value in use calculation using cash flow projections approved by senior management. The forecast periods used in the cash flow projections were 8 years, 7 years and 6 years, respectively, based on the economic useful life of the major assets, and the applied discount rates were 11.34%, 10.80% and 12.64%, respectively. Based on the impairment test, the passenger vehicles CGU has sufficient headroom; therefore, no impairment allowance has been recognized.

Investment Properties

Our investment properties primarily consist of commercial property and factories leased to third parties. As of December 31, 2023, 2024 and 2025, our investment properties remained relatively stable at RMB3,256.3 million, RMB3,160.7 million, and RMB3,108.9 million, respectively. The variations were primarily due to changes in fair values of these properties.

Right-of-Use Assets

Our right-of-use assets primarily consist of factory lands. As of December 31, 2023, 2024 and 2025, our right-of-use assets were RMB470.6 million, RMB451.2 million, and RMB458.8 million, respectively. The fluctuations were mostly due to normal depreciation.

Other Intangible Assets

Our other intangible assets increased from RMB1,565.4 million as of December 31, 2023 to RMB1,763.0 million as of December 31, 2024, primarily due to development expenditures for product iteration. Our other intangible assets further increased to RMB6,254.9 million as of December 31, 2025, mainly attributable to the consolidation of Afari Intelligent Drive. For further details on impairment testing for passenger vehicles CGU including capitalised development expenditures, refer to Note 14 of the Accountants' Report in Appendix I to this Document.

Goodwill

Our goodwill primarily consists of goodwill recognized from the acquisition of our real estate subsidiary. As of December 31, 2023, 2024 and 2025, our goodwill balances were RMB242.8 million, RMB202.1 million and RMB137.9 million, respectively. These decreases were due to impairments resulting from the general downturn in the real estate industry. For further details on impairment testing for goodwill, refer to Note 17 of the Accountants' Report in Appendix I to this Document.

Investments in Joint Ventures and Associates

Our investments in joint ventures and associates represents equity method investments in financial institutions and other business affiliates. Our investments in joint ventures and associates increased from RMB4,755.8 million as of December 31, 2023 to RMB5,187.8 million as of December 31, 2024, primarily due to the improved business performance of associates. Our investments in joint ventures and associates subsequently decreased to RMB5,095.5 million as of December 31, 2025, mainly due to fluctuations in dividend distributions received from certain associates and changes in other comprehensive income in 2025. The following table sets forth a breakdown of investments in joint ventures and associates as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Share of net assets	6,239,024	6,671,031	6,616,646
Less: Impairment	(1,483,259)	(1,483,259)	(1,521,109)
Total	**4,755,765**	**5,187,772**	**5,095,537**

Deferred Tax Assets

Deferred tax assets are mainly recognized for deductible temporary differences arising from asset impairments and deductible losses. As of December 31, 2023, 2024 and 2025, our deferred tax assets were RMB950.3 million, RMB883.1 million, and RMB678.1 million, respectively.

Equity investments designated at fair value through other comprehensive income

Our equity investments designated at fair value through other comprehensive income remained relatively stable at RMB6.6 million and RMB6.7 million as of December 31, 2023 and 2024, respectively, mainly due to increases in unlisted equity investments, at fair value throughout the periods. Our equity investments designated at fair value through other comprehensive income subsequently decreased to nil as of December 31, 2025, primarily attributable to the disposal of certain equity investments in 2025.

After the [**REDACTED**], any future investments will be subject to the applicable requirements under Chapter 14 of the Listing Rules, where relevant, and we will comply with all applicable reporting, announcement and/or Shareholders' approval obligations.

Time Deposits

Our time deposits included current and non-current components.

We recorded current time deposits of RMB544.9 million, RMB150.7 million and RMB173.4 million as of December 31, 2023, 2024 and 2025, respectively, mainly due to new time deposits being entered into and maturing throughout the periods.

Our non-current time deposits were nil, nil and RMB2,723.4 million as of December 31, 2023, 2024 and 2025, respectively, mainly due to securing financing arrangements requiring pledged time deposits.

Prepayments, Other Receivables and Other Assets

Prepayments, other receivables and other assets, including current and non-current components, primarily consist of (i) other tax recoverable, (ii) receivables for export tax rebate, (iii) dividends receivable, (iv) [**REDACTED**] expenses, and (v) others.

The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Current portion:			
Other tax recoverable	320,562	277,874	255,195
Receivables for export tax rebate	23,225	82,951	142,497
Prepayments to suppliers	16,638	17,774	17,056
Dividends receivable	59,956	12,728	59,846
Deposits	3,086	1,673	10,956
Receivables arising from the disposal of associates	10,183	5,366	5,366
Maintenance funds	20,944	28,175	28,053
Receivables arising from the disposal of subsidiaries	6,218	3,336	3,336
Due from related parties	8,452	9,021	8,277
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	47,846	54,861	48,459
Subtotal	**517,110**	**493,759**	**607,855**
Impairment allowance	(39,425)	(41,816)	(51,886)
Subtotal	**477,685**	**451,943**	**555,969**

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current portion:			
Prepayments for items of property, plant and equipment	3,845	5,648	5,983
Total	**481,530**	**457,591**	**561,952**

Our current prepayments, other receivables and other assets decreased from RMB477.7 million as of December 31, 2023 to RMB451.9 million as of December 31, 2024, primarily attributable to a decrease in dividends receivable of RMB47.2 million due to the receipt of certain dividend payments. Other tax recoverable also decreased by RMB42.7 million due to lower reclaimable tax during the period. This was partially offset by an increase in receivables for export tax rebate of RMB59.7 million due to receivables for tax rebates and export subsidies related to our export business during the period.

Our current prepayments, other receivables and other assets increased from RMB451.9 million as of December 31, 2024 to RMB556.0 million as of December 31, 2025, primarily attributable to receivables for export tax rebate increasing by RMB59.5 million driven by the expansion of our export sales, and dividends receivable increasing by RMB47.1 million due to the increased dividend distributions declared by certain associate.

Our non-current prepayments, other receivables and other assets were RMB3.8 million, RMB5.6 million, and RMB6.0 million as of December 31, 2023, 2024 and 2025, respectively.

As of February 28, 2026, RMB167.6 million, or 30% of our current portion of prepayments, other receivables and other assets outstanding as of December 31, 2025, had been subsequently settled.

Inventories

Our inventories comprise properties held for sale, finished goods, raw materials, goods in transit, work in progress, properties under development for sale, costs to fulfill a contract, and others, net of provision for impairment losses on inventories.

The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Properties held for sale	–	1,250,868	1,097,323
Finished Goods	1,308,149	932,772	553,081
Raw Materials	318,123	146,445	184,830
Goods in transit	13,635	28,713	27,343
Work in progress	118,927	118,446	15,083
Properties under development for sale	1,318,043	–	–
Costs to fulfill a contract	–	–	54,060
Others	2,404	3,717	3,420
	3,079,281	2,480,961	1,935,140
Less: Provision for impairment losses on inventories	(210,678)	(214,007)	(74,083)
Total	**2,868,603**	**2,266,954**	**1,861,057**

Our inventories decreased from RMB2,868.6 million as of December 31, 2023 to RMB2,267.0 million as of December 31, 2024, primarily attributable to a decrease in properties under development for sale of RMB1,318.0 million as projects that were under development were completed and reclassified during the period. Finished goods also decreased by RMB375.4 million in line with increase sales during the period. This was partially offset by an increase in properties held for sale of RMB1,250.9 million as property development projects were completed during the period.

Our inventories decreased from RMB2,267.0 million as of December 31, 2024 to RMB1,861.1 million as of December 31, 2025, primarily attributable to (i) a decrease of finished goods of RMB379.7 million due to the sale of automobiles. Properties held for sale also decreased by RMB153.5 million, in line with our increasing sales demand. This was partially offset by an increase in costs to fulfill a contract of RMB54.1 million. The following table sets forth a breakdown of our inventories as of the dates indicated.

The following table sets forth the aging analysis of our inventories net of provision for impairment losses as of the dates indicated.

	As of December 31, 2023				
	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	(RMB in thousands)				
Properties held for sale	–	–	–	–	–
Finished goods	1,081,284	107,188	7,520	734	1,196,726
Raw materials	267,168	16,402	1,228	17,969	302,767
Goods in transit	12,717	573	–	133	13,423
Work in progress	15,198	19,760	15	539	35,512
Properties under development for sale	177,349	351,333	582,227	207,134	1,318,043
Costs to fulfil a contract	–	–	–	–	–
Others	2,047	85	–	–	2,132
Total	1,555,763	495,341	590,990	226,509	2,868,603

	As of December 31, 2024				
	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	(RMB in thousands)				
Properties held for sale	1,250,868	–	–	–	1,250,868
Finished goods	690,185	120,391	5,214	1,649	817,439
Raw materials	104,706	14,015	3,899	9,057	131,677
Goods in transit	22,227	6,115	17	2	28,361
Work in progress	32,840	271	1,605	211	34,927
Properties under development for sale	–	–	–	–	–
Costs to fulfil a contract	–	–	–	–	–
Others	3,233	436	13	–	3,682
Total	2,104,059	141,228	10,748	10,919	2,266,954

	As of December 31, 2025				
	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
	(RMB in thousands)				
Properties held for sale	–	1,097,323	–	–	1,097,323
Finished goods	453,455	8,289	51,288	4,168	517,200
Raw materials	134,917	5,644	4,512	1,942	147,015
Goods in transit	27,123	49	59	16	27,247
Work in progress	14,543	156	195	–	14,893
Properties under development for sale	–	–	–	–	–
Costs to fulfil a contract	54,060	–	–	–	54,060
Others	3,226	86	8	–	3,320
Total	687,324	1,111,547	56,062	6,126	1,861,058

During the Track Record Period, our inventories were primarily aged within two years, accounting for approximately 71.5%, 99.0% and 96.7% of our total inventories as of December 31, 2023, 2024 and 2025, respectively. We conducted regular assessments of inventory impairment, taking into account factors such as recent sales prices, market demand, and expected future settlement, to ensure that inventories are stated at the lower of cost and net realizable value. Based on these assessments, we concluded that no material provision was required, and our inventory levels were in line with expected sales plans and market conditions.

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

	For the year ended December 31,		
	2023	2024	2025
	(days)		
Inventory turnover days[(1)]	149	145	83

Note:

(1) Inventory turnover days for a period are calculated as the average of the opening and ending balances of inventories divided by the cost of sales for the relevant period, and then multiplied by the number of days in that period.

Our inventory turnover days decreased from 149 days in 2023 to 145 days in 2024, and further decreased to 83 days in 2025, primarily attributable to increased sales volume and the clearing out of existing inventory. As of December 31, 2023, 2024 and 2025, our inventory turnover days, excluding properties under development and held for sale, were 85 days, 85 days and 42 days, respectively.

As of February 28, 2026, RMB215.5 million, or 11.6% of our inventories outstanding as of December 31, 2025, had been subsequently utilized. As of the same date, none of our properties held for sale outstanding as of December 31, 2025 had been subsequently utilized.

Trade and Bills Receivables

Our trade and bills receivables comprise mainly trade receivables, new energy vehicle subsidies receivable, and bank acceptance notes, net of impairment losses. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade receivables	1,911,524	2,078,939	2,000,244
Bank acceptance notes, at amortise cost	260,176	180,861	412,639
Bank acceptance notes, at fair value	116,721	24,235	141,564
New energy vehicle subsidies receivables*	515,025	449,539	382,537
Less: Impairment losses	(1,044,150)	(1,046,116)	(1,018,871)
Total	**1,759,296**	**1,687,458**	**1,918,113**

Our trade and bills receivables decreased from RMB1,759.3 million as of December 31, 2023 to RMB1,687.5 million as of December 31, 2024, primarily attributed to (i) bank acceptance notes at fair value decreasing by RM92.5 million due to and (ii) bank acceptance notes at amortise cost decreasing by RMB79.3 million, both due to collection of bank notes. This was partially offset by trade receivables increasing by RMB167.4 million due to increased receivables resulting from improved sales volume. Our trade and bills receivables increased from RMB1,687.5 million as of December 31, 2024 to RMB1,918.1 million as of December 31, 2025, respectively, primarily attributed to an increase in bank acceptance notes at amortised cost of RMB231.8 million due to an increase in bank acceptance notes received for payment. This was partially offset by new energy vehicle subsidies receivables decreasing by RMB67.0 million due to write offs of receivables for earlier models.

As of December 31, 2023, 2024 and 2025, we recorded loss allowances for trade and bills receivables of RMB1,044.2 million, RMB1,046.1 million and RMB1,018.9 million, respectively. For further details on impairment provisions, refer to Note 24 of the Accountants' Report in Appendix I to this Document.

The following table sets forth an aging analysis of our trade and bills receivables, based on the invoice date, as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within six months	1,259,907	1,315,639	1,705,433
Six months to one year	58,344	43,632	27,811
Over one year and within two years	258,916	84,679	77,877
Over two years and within three years	75,381	203,180	63,896
Over three years and within four years	49,475	26,048	25,975
Over four years and within five years	19,042	293	3,133
Over five years	38,231	13,987	13,988
Total	**1,759,296**	**1,687,458**	**1,918,113**

The following table sets forth our trade and bills receivables turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
		(days)	
Trade and bills receivables turnover days(1)	146	90	67

Note:

(1) Trade and bills receivables turnover days for a period are calculated as the average of the opening and ending balances of trade and bills receivables divided by revenue for the relevant period, and then multiplied by the number of days in that period.

Our trade and bills receivables turnover days decreased from 146 days in 2023 to 90 days in 2024, and further decreased to 67 days in 2025, resulting from our enhanced trade and bills receivables collection efforts.

As of February 28, 2026, RMB854.4 million, or 44.5% of our trade and bills receivables outstanding as of December 31, 2025, had been subsequently settled.

Restricted Cash

Our restricted cash increased from RMB1,893.4 million as of December 31, 2023 to RMB2,207.0 million as of December 31, 2024, attributed to increased use of pledged deposits for payment arrangements. Our restricted cash subsequently decreased to RMB1,991.2 million as of December 31, 2025, primarily attributed to new financing arrangements allowing the release of some previously restricted funds.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB986.3 million as of December 31, 2023 to RMB1,321.7 million as of December 31, 2024. Our cash and cash equivalents increased from RMB1,321.7 million as of December 31, 2024 to RMB2,517.7 million as of December 31, 2025. See "— Liquidity and Capital Resources — Cash Flow Analysis."

Liabilities

Trade and Bills Payables

Our trade and bills payables comprise mainly trade payables and bills payables. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables	2,921,583	3,463,745	3,189,582
Bills payables	1,973,539	2,215,191	2,310,669
Total	**4,895,122**	**5,678,936**	**5,500,251**

Our trade and bills payables increased from RMB4,895.1 million as of December 31, 2023 to RMB5,678.9 million as of December 31, 2024, primarily attributed to an increase in trade payables of RMB542.2 million due to expanded procurement volumes in connection with our automotive business. Our trade and bills payables decreased from RMB5,678.9 million as of December 31, 2024 to RMB5,500.3 million as of December 31, 2025, respectively, primarily attributed to a decrease in trade payables of RMB274.2 million due to the settlement of trade payables with suppliers during 2025. Since the credit terms for bills payable is six months, we will settle the related amounts within the next six months. If all non-current time deposits with original maturities over one year was used for settling the bills payable, assuming other factors remain unchanged, there would be net current assets amounting to RMB1,834,467,000.

The following table sets forth an aging analysis of our trade and bills payables, based on the invoice date, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	4,748,784	4,909,696	5,359,421
1 to 2 years	124,257	696,836	52,771
2 to 3 years	2,876	58,473	66,884
Over 3 years	19,205	13,931	21,175
Total	**4,895,122**	**5,678,936**	**5,500,251**

The following table sets forth our trade and bills payables turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	(days)		
Trade and bills payables turnover days[1]	236	298	224

Note:

(1) Trade and bills payables turnover days for a period are calculated as the average of the opening and closing trade payables balances (net of allowance) divided by the cost of sales for the relevant period, and then multiplied by the number of days in that period.

Our trade and bills payables turnover days increased from 236 days in 2023 to 298 days in 2024. Such increase in our trade and bills payables turnover days was mainly due to our gradual negotiation with suppliers to extend payment terms in the course of our business expansion. Our trade and bills payables turnover days then decreased to 224 days in 2025, primarily attributable to improved payment management and settlement efficiency.

As of February 28, 2026, RMB2,271.0 million, or 41.3% of our trade and bills payables outstanding as of December 31, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent advance payment on sales and advance payment for the house. The following table sets forth the breakdown of our contract liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Advance payment on sales of passenger vehicles, motorcycles, other machine and services	240,603	230,161	363,062
Advance payment on sales of properties	34,225	13,620	6,924
Total	**274,828**	**243,781**	**369,986**

Our contract liabilities decreased from RMB274.8 million as of December 31, 2023 to RMB243.8 million as of December 31, 2024, primarily attributable to advance payment for the house decreasing by RMB20.6 million due to completion of a portion of a residential real estate project. Our contract liabilities increased from RMB243.8 as of December 31, 2024 to RMB370.0 million as of December 31, 2025, primarily attributable to advance payment on sales of passenger vehicles, motorcycles, other machine and services increasing by RMB132.9 million due to the expansion of our overseas business.

As of February 28, 2026, RMB160.5 million, or 43.4% of our contract liabilities outstanding as of December 31, 2025, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals consist of (i) due to third parties, which represent the amounts due to certain non-controlling shareholders occurred during the normal operations, (ii) deposit from suppliers and distributors, accrued expenses, (iii) unrecognized amount of endorsed undue bills, (iv) payroll and welfare payable, (v) other tax payables, (vi) payables for subscription under equity incentive plan, representing redemption obligation on restricted shares granted under "Share Award Scheme" upon forfeiture, and (vii) other payables. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated.

	As at December 31,		
	2023	2024	2025
	(RMB in thousands)		
Due to third parties	351,310	352,923	272,137
Deposit from suppliers and distributors	257,247	244,178	226,417
Accrued expenses	332,598	141,549	270,211
Due to related parties	93,404	151,929	140,699
Unrecognized amounts of endorsed undue bills	217,653	131,711	201,301
Payroll and welfare payable	77,193	76,106	263,891
Advances from non-controlling shareholders of subsidiaries and third parties*	103,858	110,935	114,615
Other tax payables	49,648	93,099	109,334
Advance from customers	25,713	25,388	22,329
Government Grants	–	22,503	–
Payables for subscription under equity incentive plan	113,180	136	42,153
Advances from disposal of a subsidiary	–	16,000	–
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables	19,022	17,267	15,189
Total	**1,640,826**	**1,383,724**	**1,686,440**

Our other payables and accruals decreased from RMB1,640.8 million as of December 31, 2023 to RMB1,383.7 million as of December 31, 2024 primarily due to a decrease in accrued expenses of RMB191.0 million due to the performance of obligations under the relevant contracts. Our other payables and accruals subsequently increased to RMB1,686.4 million as of December 31, 2025, primarily due to (i) unrecognized amounts of endorsed undue bills increasing by RMB69.6 million, and (ii) an increase of RMB187.8 million in payroll and welfare payable due to accrued year-end bonuses and the addition of employees for our new business. This was partially offset by a decrease in due to third parties of RMB80.8 million.

As of February 28, 2026, RMB450.9 million, or 26.7% of our other payables and accruals outstanding as of December 31, 2025, had been subsequently settled.

Interest-bearing Bank and Other Borrowings

Our current interest-bearing bank and other borrowings increased from RMB868.7 million as of December 31, 2023 to RMB1,195.9 million as of December 31, 2024, primarily attributable to further expansion of short-term borrowings. Our current interest-bearing bank and other borrowings increased from RMB1,195.9 million as of December 31, 2024 to RMB2,337.5 million as of December 31, 2025, primarily attributable to advanced repayments of long-term loans and further expansion of short-term borrowings.

Our non-current interest-bearing bank and other borrowings decreased from RMB1,429.6 million as of December 31, 2023 to RMB820.9 million as of December 31, 2024, mainly due to repayment of loans according to the reorganization plan. Our non-current interest-bearing bank and other borrowings increased from RMB820.9 million as of December 31, 2024 to RMB927.0 million as of December 31, 2025, primarily attributable to additional borrowings obtained in line with our funding arrangements, following the partial repayment of loans according to the reorganization plan.

Lease Liabilities

Our lease liabilities, including current and non-current portions, primarily relate to the properties we leased for office use, which generally have lease terms ranging from one to five years.

Our current lease liabilities amounted to RMB5.1 million, RMB0.8 million and RMB8.9 million as of December 31, 2023, 2024 and 2025, respectively.

We recorded non-current lease liabilities of RMB3.5 million, RMB0.1 million and RMB13.7 million as of December 31, 2023, 2024 and 2025, respectively.

Tax payables

Our tax payables were RMB18.1 million, RMB5.2 million and RMB3.3 million in 2023, 2024 and 2025, respectively.

Deferred Tax Liabilities

Our deferred tax liabilities were RMB648.7 million, RMB622.3 million and RMB583.4 million as of December 31, 2023, 2024 and 2025, respectively. This gradual decrease was mostly due to changes in the fair value of investment properties.

Provisions

Our provisions increased from RMB51.9 million as of December 31, 2023 to RMB85.4 million as of December 31, 2024. The increases were primarily due to ongoing business expansion, which led to higher provisions for product quality guarantees, maintenance costs, and related warranties. Our provisions subsequently decreased to RMB73.5 million as of December 31, 2025, primarily due to a decrease in provisions for product quality guarantees, warranty obligations and other related risk exposures.

Deferred Income

Our deferred income was RMB1.6 million, RMB11.4 million and RMB651.9 million as of December 31, 2023, 2024 and 2025. The increases were primarily due to increased government subsidies for R&D activities.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we relied on cash and cash equivalents, cash generated from operations and bank loans as the major sources of liquidity. We intend to finance our future capital requirements in the same manner after the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operation in the future.

Cash Flow Analysis

The following table sets forth our cash flows for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash generated from/(used in) operating activities	(238,842)	525,211	1,298,361
Net cash generated from/(used in) investing activities	(298,598)	269,312	(1,127,433)
Net cash generated from/(used in) financing activities	(231,376)	(454,563)	992,144
Net increase/(decrease) in cash and cash equivalents	**(768,816)**	**339,960**	**1,163,072**
Cash and cash equivalents at the beginning of the year	1,743,112	986,333	1,321,676
Effect of exchange rate changes on cash and cash equivalents	12,037	(4,617)	32,966
Cash and cash equivalents at the end of the year	**986,333**	**1,321,676**	**2,517,714**

Net Cash Generated from/(Used in) Operating Activities

Net cash generated from operating activities in 2025 was RMB1,298.4 million, which primarily consists of loss before tax of RMB135.8 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) amortization of other intangible assets of RMB535.8 million, and (ii) depreciation of property, plant and equipment of RMB194.4 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in trade and bills payables of RMB146.7 million, and (ii) an increase in trade and bills receivables of RMB301.3 million, partially offset by a decrease in inventories of RMB345.8 million.

Net cash generated from operating activities in 2024 was RMB525.2 million, which primarily consists of loss before tax of RMB284.8 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share of profits of joint ventures and associates of RMB488.2 million and, (ii) amortization of other intangible assets of RMB323.2 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in inventories of RMB507.9 million, and (ii) an increase in trade and bills payables of RMB877.1 million, partially offset by an increase in trade and bills receivables of RMB279.6 million.

Net cash used in operating activities in 2023 was RMB238.8 million, which consists primarily of loss before tax of RMB342.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) share of profits of joint ventures and associates of RMB413.8 million, (ii) amortization of other intangible assets of RMB175.4 million, and (iii) depreciation of property, plant and equipment of RMB148.7 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB556.0 million, and (ii) a decrease in contract liabilities of RMB284.2 million, partially offset by a decrease in trade and bills receivables of RMB716.4 million.

Net Cash Generated froml(Used in) Investing Activities

Net cash used in investing activities in 2025 was RMB1,127.4 million, which consists primarily of (i) purchases of time deposits of RMB2,868.6 million, and (ii) purchases of property, plant and equipment and intangible assets of RMB544.5 million, partially offset by (i) acquisition of subsidiaries of RMB1,098.1 million, and (ii) receipt of government grants for non-current assets of RMB836.5 million.

Net cash generated from investing activities in 2024 was RMB269.3 million, which consists primarily of (i) maturity of time deposits and large certificates of deposit of RMB553.3 million, and (ii) dividends income of RMB160.9 million, partially offset by (i) purchases of other intangible assets of RMB298.7 million, and (ii) purchases of property, plant and equipment of RMB119.2 million.

Net cash flows used in investing activities in 2023 was RMB298.6 million, which consists primarily of purchases of other intangible assets of RMB376.2 million, partially offset by dividends income of RMB161.5 million.

Net Cash Flows Generated froml(Used in) Financing Activities

Net cash flows generated from financing activities in 2025 was RMB992.1 million, which consists primarily of new interest-bearing bank and other borrowings of RMB3,598.8 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB2,350.3 million.

Net cash flows used in financing activities in 2024 was RMB454.6 million, which consists of (i) repayment of interest-bearing bank and other borrowings of RMB1,361.8 million, and (ii) refund of restricted stock subscription payment of RMB113.0 million, partially offset by proceeds from interest-bearing bank and other borrowings of RMB1,087.6 million.

Net cash flows used in financing activities in 2023 was RMB231.4 million, which consists of (i) repayment of interest-bearing bank and other borrowings of RMB661.2 million, and (ii) interest paid of RMB128.6 million, partially offset by (i) capital injection from non-controlling interests of RMB355.8 million, (ii) proceeds from interest-bearing bank and other borrowings of RMB224.4 million.

INDEBTEDNESS

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

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Current portion				
Interest-bearing bank and other borrowings	868,679	1,195,939	2,337,469	436,114
Lease liabilities	5,085	812	8,912	10,839
Non-current portion				
Interest-bearing bank and other borrowings	1,429,612	820,931	926,993	926,993
Lease liabilities	3,489	91	13,658	17,248
Total	**2,306,865**	**2,017,773**	**3,287,032**	**1,391,194**

For details of our interest-bearing bank and other borrowings and lease liabilities during the Track Record Period, see "— Discussion of Certain Key Items from Our Consolidated Statements of Financial Position". As of the Latest Practicable Date, our unutilized bank facilities amounted to RMB1,045.4 million, all of which were committed. During the Track Record Period and up to the date of this Document, we did not have any material contingent liabilities.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenants that would have a material and adverse effect on our ability to obtain additional borrowings or issue debt or equity securities in the future. Our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, we had no material defaults on trade and non-trade payables or borrowings, nor did we breach any covenants (that were not waived). Additionally, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, nor any withdrawal of facilities or requests for early repayment.

Except as otherwise disclosed under the sections titled "— Indebtedness" and "— Contractual Obligations," as of February 28, 2026, the latest practicable date for determining our indebtedness, we did not have any material bank overdrafts, loans, or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees, or other material contingent liabilities. Our Directors confirm that there have been no material changes in our indebtedness since February 28, 2026 and up to the date of this Document.

CAPITAL EXPENDITURES

Our historical capital expenditures primarily included additions to property, plant and equipments, right-of-use assets, and other intangible assets, as well as internal developments of other intangible assets. The following table sets forth our capital expenditures for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Additions to property, plant and equipments	215,937	144,797	124,511
Additions to right-of-use assets	7,880	119	13,940
Additions to other intangible assets	657,735	13,941	8,580
Internal developments of other intangible assets	672,802	527,938	99,398
Total	**1,554,354**	**686,795**	**246,429**

We will continue to make capital expenditures to support the expected growth of our business and our expansion plans. For details, see "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]." We intend to fund these future capital expenditures with financial resources available to us, including our existing cash and bank balances, cash flows generated from our operating activities and net [**REDACTED**] from the [**REDACTED**].

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments consisted of additions to property, plant and equipments, right-of-use assets, and other intangible assets, as well as internal developments of other intangible assets. Our capital commitments decreased from RMB125.4 million as of December 31, 2023 to RMB95.7 million as of December 31, 2024, primarily due to a reduction in commitments for property, plant and equipment and other assets. Our capital commitments increased to RMB212.3 million as of December 31, 2025, mainly driven by new additions to property, plant and equipment and other assets in line with our business growth.

WORKING CAPITAL

Our cash burn includes (i) net cash used in operating activities, (ii) purchases of property, plant and equipment and other intangible assets, and (iii) payments on lease liabilities. Our cash burn for the years ended December 31, 2023, 2024 and 2025 amounted to RMB(710.6) million, RMB104.2 million and RMB752.1 million, respectively. As of December 31, 2025, we had cash and cash equivalents of RMB2,517.7 million, restricted cash of RMB1,991.2 million, and time deposit of RMB2,896.8 million, aggregating to RMB7,405.7 million. Based on the average cash burn rate for 2023, 2024 and 2025, our aggregate cash and cash equivalents, restricted cash, and time deposits are sufficient to sustain our operations on a going concern basis. Based on the foregoing, our Directors are of the view that we would have sufficient working capital to fund our operations until the period when we achieve net profit breakeven. Based on the factors mentioned above, nothing has come to the Sole Sponsor's attention that would reasonably cause it to disagree with the Directors' view above.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the year indicated.

	For the year ended December 31,		
	2023	2024	2025
Interest-bearing debt ratio[1]	10.6%	9.3%	11.1%
Asset-liability ratio[2]	45.1%	46.3%	41.1%
Revenue growth rate[3]	(22.4)%	4.0%	41.8%
Gross profit margin[4]	4.1%	6.9%	8.0%
Net loss ratio[5]	3.9%	4.7%	3.3%
Return on equity[6]	N/A*	(3.1)%	(3.1)%
Return on total assets[7]	N/A*	(1.5)%	(1.3)%
Current ratio[8]	1.1	1.0	0.9
Debt to equity ratio[9]	0.8	0.9	0.7

* The relevant figures as at the end of 2022 are not available.

Notes:

1. The interest-bearing debt ratio is calculated by dividing interest-bearing debt (including interest-bearing bank loans and other borrowings, lease liabilities, and bonds payable) by total assets.
2. The asset-liability ratio is calculated by dividing total liabilities by total assets.
3. The revenue growth rate refers to the percentage change in our revenue for a certain period compared to the revenue from the previous same period.
4. The gross profit margin is calculated as gross profit divided by revenue for a certain period.
5. The net loss ratio is calculated as net loss divided by revenue for a certain period.
6. The return on equity is calculated as net profit/loss for the period divided by average equity attributable to equity shareholders during the period.
7. The return on total assets is calculated as net profit/loss for the period divided by average total assets during the period.
8. The current ratio is calculated as current assets divided by current liabilities as at the end of the relevant period.
9. The debt to equity ratio is calculated as total interest-bearing debt divided by total equity as at the end of the relevant period.

For further details on fluctuations in key financial ratios during the Track Record Period, see "— Year-to-year comparison of results of operations" and "— Current Assets and Liabilities."

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 45 to the Accountants' Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 45 to the Accountants' Report included in Appendix I to this Document 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.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of market and other financial risks, including interest rate risk, foreign currency risk, credit risk, liquidity risk, and capital management risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with a floating interest rate. Our policy is to manage interest cost using a mix of fixed and variable rate debts.

Foreign currency risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

Credit risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without specific verification procedures.

Liquidity risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the operations and mitigate the effects of fluctuations of cash flows.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing.

Capital management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support business and maximize shareholders' value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may return capital to shareholders or issue new shares.

PROPERTY INTEREST AND PROPERTY VALUATION

Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, has valued our selective property interests as of July 31, 2025. Particulars of these property interests are set out in Appendix III to this Document.

The table below sets out the reconciliation between the net book value of our selective property as of June 30, 2025 in the Accountants' Report set out in Appendix I to this Document and the market value of our selective property as of July 31, 2025 in the Property Valuation Report set out in Appendix III to this Document.

	(RMB'000)
Net book value of our selective property as of June 30, 2025	4,726,417
Valuation surplus as of July 31, 2025	(212,206)
Valuation as of July 31, 2025 as set out in Appendix III to this Document	4,514,211

DIVIDENDS

No dividend was paid or declared by us or any of our subsidiaries during the Track Record Period. After the Track Record Period and up to the date of this Document, we did not declare any dividends to our Shareholders.

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, after making up for our historically accumulated losses (if any) in accordance with the PRC laws and less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. As advised by our PRC legal advisor, pursuant to the Company Law of the PRC and the relevant accounting standards, dividend distributions can only be made out of distributable profits, being the retained earnings after offsetting accumulated losses and making appropriations to reserves as required by the Company Law of the PRC. As of the end of Track Record Period, the Company recorded negative retained earnings, indicating that it has accumulated losses which have not yet been fully offset. Accordingly, the Company is not permitted to declare or distribute dividends unless and until such accumulated losses have been fully made up.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including the estimated net [**REDACTED**] from the [**REDACTED**] and the expected cash flows generated from operating activities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this Document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our reserves were RMB6,108.5 million, which represented our distributable reserve as of the same date.

[REDACTED]

Our [**REDACTED**] mainly include (i) [**REDACTED**]-related expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) non-[**REDACTED**]-related expenses, comprising professional fees paid to our legal advisers and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] (based on the mid-point of the [**REDACTED**] range and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of our net [**REDACTED**]. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**]-related expenses of HK$[**REDACTED**], professional fees for our legal advisers and reporting accountants of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**] is expected to be expensed through the statement of profit or loss and an estimated amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of HK$[**REDACTED**], of which HK$[**REDACTED**] was charged to our consolidated income statements for the year ended December 31, 2025, while the [**REDACTED**] directly attributable to the [**REDACTED**] of shares of HK$[**REDACTED**] was recognized in the consolidated statement of financial position as of December 31, 2025 and is expected to be accounted for as a deduction in equity upon completion of the [**REDACTED**].

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants' Report set out in Appendix I to this Document, and there had been no event since December 31, 2025, that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except for the amounts due from related parties as disclosed in this section, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[REDACTED]