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

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

OVERVIEW

We are a technology-driven provider of new energy heavy-duty trucks and intelligent road freight technologies, dedicated to advancing the road freight industry into zero-carbon, high-efficiency, and safe logistics through electrification and intelligentization technologies. We ranked the 9th in China's new energy heavy-duty truck market by sales volume in 2025, according to CIC. Currently, our primary business line and revenue source is the sale of new energy heavy-duty trucks, including DeepWay Xingchen and DeepWay Xingtu, which accounted for 99.9%, 99.6% and 99.2% of our total revenue in each year during the Track Record Period.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting standards. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. See Note 2 to the Accountants' Report included in Appendix I for details.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Industry Dynamics and Market Opportunities

Our results of operations are directly influenced by the overall demand trends in the global road freight industry and the pace of electrification and intelligentization. According to CIC, the global road freight market reached approximately US$3.9 trillion in 2025, with line-haul road freight representing more than 50% of total capacity. The industry continues to face three structural challenges: high carbon emissions, high TCO, and persistent safety risks. In China, fuel costs account for 30–40% of operators' total expenditure while profit margins remain below 10%, and nearly 25% of road accidents involve road freight vehicles. These systemic issues are driving an industry-wide transition towards new energy heavy-duty trucks and intelligent road freight technologies. Our ability to capture and sustain demand from this structural shift is a fundamental factor shaping our revenue growth and profitability.

Product Competitiveness and Technological Strengths

The success of our business depends on the competitiveness of our forward-engineering new energy heavy-duty truck. During the Track Record Period, we launched successive generations of vehicles, including the DeepWay Xingchen I, DeepWay Xingchen II, and DeepWay Xingtu, which incorporated increasing proportion of self-developed three-electric systems and features such as the Tianji Suixing assisted driving system. Customer adoption of these models validates our differentiated technology and forms the foundation for recurring service revenue from solutions. Market acceptance and the effectiveness of our product iteration strategy will continue to materially affect our revenue, margins, and overall financial performance.

Cost Structure, Supply Chain and Relationship with Vehicle Customization Partners

Our results are significantly affected by fluctuations in the costs of raw materials and key components, particularly batteries and electric drive axles. Inflationary pressures and global supply chain constraints may increase input costs and affect the timing of vehicle deliveries. While we seek to mitigate such risks through stable supply arrangements, in-house production of critical systems, and our cooperation with vehicle customization partners such as JAC Motors and Shandong Reach, we remain exposed to external factors beyond our control. In 2023, 2024 and 2025, all of the new energy heavy-duty trucks were produced in collaboration with our vehicle customization partners under our technical supervision. Our ability to manage costs, ensure delivery quality, and progressively expand the scale of our in-house Changxing Three-Electric Smart Factory is critical to support our supply chain and vehicle customization capabilities, which, in turn, will impact our financial performance.

Economies of Scale, Recurring Revenue and Ecosystem Development

Our ability to expand deliveries, increase customer adoption, and generate recurring service revenue will significantly affect our results of operations. In 2023, 2024 and 2025, we delivered 509, 3,002 and 8,020 vehicles, respectively, serving 539 customers by December 31, 2025. Larger fleet deployments create opportunities for recurring revenue from road freight services, such as the DeepWay Tianshu fleet management platform. The speed at which our ecosystem expands — including sales networks and after-sales service capabilities — directly impacts customer stickiness, recurring revenue contribution, and operating leverage. Achieving economies of scale in both vehicle deliveries and service monetization is central to improving our margins over time.

Global Expansion and International Operations

Our results are also affected by the progress of our international expansion. Leveraging our product quality and continuous innovation, we have earned broad recognition and high acclaim from partners and customers across key international regions. We are systematically advancing global certification and compliance processes, implementing end-to-end and in-depth initiatives to accelerate the deployment and execution of our projects worldwide. While these developments validate the global adaptability of our products, cross-border deliveries expose us to longer logistics cycles, varying certification processes, and country-specific regulations. Our ability to localize products, adapt to different operating conditions, and establish sustainable partnerships with international partners and ecosystem players will determine the contribution of overseas markets to our revenue and financial performance.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Notes 4 and 5 to the Accountants' Report in Appendix I to this Document set forth certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

MAJOR COMPONENTS OF RESULTS OF OPERATIONS

The table below sets forth a summary of our results of operations in absolute amount and as percentages of our total revenue, for the years indicated.

	For the year ended December 31					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	425,640	100.0	1,968,562	100.0	3,961,106	100.0
Cost of sales	(423,818)	(99.6)	(1,958,777)	(99.5)	(3,766,211)	(95.1)
Gross profit	**1,822**	**0.4**	**9,785**	**0.5**	**194,895**	**4.9**
Other income	5,957	1.4	12,916	0.7	23,700	0.6
Other gains and losses, net	65,242	15.3	(55,792)	(2.8)	(63,581)	(1.6)
Selling and marketing expenses	(30,736)	(7.2)	(119,676)	(6.1)	(223,263)	(5.6)
Administrative expenses	(75,124)	(17.6)	(120,794)	(6.1)	(135,470)	(3.4)
Research and development expenses	(351,968)	(82.7)	(364,760)	(18.5)	(386,619)	(9.8)
Impairment losses on financial assets	(2,615)	(0.6)	(10,701)	(0.5)	(4,713)	(0.1)
[REDACTED] expenses	—	—	(9,761)	(0.5)	(27,231)	(0.7)
Finance costs	(1,565)	(0.4)	(16,412)	(0.8)	(26,721)	(0.7)
Loss before tax	**(388,987)**	**(91.4)**	**(675,195)**	**(34.3)**	**(649,003)**	**(16.4)**
Income tax expenses	—	—	—	—	(63)	(0.0)
Loss for the year	**(388,987)**	**(91.4)**	**(675,195)**	**(34.3)**	**(649,066)**	**(16.4)**

Non-IFRS Measures

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

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year	**(388,987)**	**(675,195)**	**(649,066)**
Add back:			
[REDACTED] expenses	—	9,761	27,231
(Gain) loss on fair value change of financial liabilities at FVTPL	(44,776)	56,346	56,941
Adjusted net loss (non-IFRS measure)	**(433,763)**	**(609,088)**	**(564,894)**
Adjusted net loss margin (non-IFRS measure)(%)	**(101.9)**	**(30.9)**	**(14.3)**

Revenue

During the Track Record Period, we primarily derived our revenue from (i) sale of new energy heavy-duty trucks and (ii) sale of spare parts. We also recorded revenue from (iii) others since 2025 from offering Tianji Suixing and Tianji Yanxing, two of our intelligent road freight technologies.

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sale of new energy heavy-duty trucks	425,196	99.9	1,961,182	99.6	3,927,491	99.2
Sale of spare parts	444	0.1	7,380	0.4	32,358	0.8
Others	—	—	—	—	1,257	0.0
Total	**425,640**	**100.0**	**1,968,562**	**100.0**	**3,961,106**	**100.0**

During the Track Record Period, our revenue was primarily derived from sale of new energy heavy-duty trucks. In 2023, 2024 and 2025, we sold 509 units, 3,002 units and 4,035 units of DeepWay Xingchen, respectively. In 2025, we launched DeepWay Xingtu and recorded sales volume of 3,985 units in the same year. The rapid expansion of our revenue from sale of new energy heavy-duty trucks was attributable to the commercialization of our new energy heavy-duty trucks since 2023, combined with the increasing penetration of new energy heavy-duty trucks in the market. Going forward, we expect revenues from sale of new energy heavy-duty trucks to continue to increase.

Cost of Sales

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cost of new energy heavy-duty trucks	416,374	98.2	1,917,561	97.9	3,653,748	97.0
Warranties	7,169	1.7	36,457	1.9	87,768	2.3
Cost of spare parts	275	0.1	4,759	0.2	24,695	0.7
Total	**423,818**	**100.0**	**1,958,777**	**100.0**	**3,766,211**	**100.0**

The increase in cost of sales during the Track Record Period was primarily attributable to the expansion of our sales scale and was generally in line with the growth in our revenue.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sale of new energy heavy-duty trucks	1,653	0.4	7,164	0.4	185,975	4.7
Sale of spare parts	169	38.1	2,621	35.5	7,663	23.7
Others	—	—	—	—	1,257	100.0
Total	**1,822**	**0.4**	**9,785**	**0.5**	**194,895**	**4.9**

Our gross profit and gross profit margin remained relatively low in 2023 and 2024, reflecting the early stage of market development and intensified price competition. In 2024, gross profit increased compared to 2023 mainly due to higher sales volume, while gross profit margin did not improve materially due to continued pricing pressure. The significant improvement in our gross profit margin in 2025 was primarily driven by cost reductions. In particular, the Group benefited from (i) design optimization, including increased in-house development of key components, which reduced unit costs, and (ii) procurement efficiencies and economies of scale as production volume increased, which lowered per-unit costs. In addition, according to CIC, the price competition in the new energy heavy-duty truck market, which intensified in 2023 and 2024, began to moderate in 2025. As a result, with improved cost competitiveness, the Group achieved a notable increase in gross profit margin in 2025.

Other Income

The following table sets forth a breakdown of our other income, in absolute amounts and as percentages of total other income, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Bank interest income	5,751	96.5	2,187	16.9	9,105	38.4
Government grants[1]	206	3.5	10,691	82.8	12,164	51.3
Others[2]	—	—	38	0.3	2,431	10.3
Total	**5,957**	**100.0**	**12,916**	**100.0**	**23,700**	**100.0**

Notes:

(1) The amount represents unconditional government grants received from local government in connection with the enterprise development support and innovation capability incentives.

(2) Others primarily represent income from the sale of scrap packaging materials.

Other Gains and Losses, Net

The following table sets forth a breakdown of our net other gains and losses, in absolute amounts and as percentages of total net other gains and losses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Gain on fair value change of financial assets at FVTPL	366	0.6	129	0.2	—	—
Gain (loss) on fair value change of financial liabilities at FVTPL	44,776	68.6	(56,346)	(101.0)	(56,941)	(89.6)
Net loss on disposal of property, plant and equipment	(282)	(0.4)	(676)	(1.2)	(5,404)	(8.5)
Net gain on termination of right-of-use assets	—	—	272	0.5	405	0.6
Net foreign exchange gains (losses)	20,111	30.8	36	0.1	(38)	(0.1)
Others	271	0.4	793	1.4	(1,603)	(2.4)
Total	**65,242**	**100.0**	**(55,792)**	**(100.0)**	**(63,581)**	**(100.0)**

Gain (loss) on fair value change of financial liabilities at FVTPL primarily relates to preferred shares we issued in relation to certain Pre-**[REDACTED]** investments. We recorded gain on fair value change of financial liabilities at FVTPL of RMB44.8 million in 2023, as compared to loss on fair value change of financial liabilities at FVTPL of RMB56.3 million in 2024 and RMB56.9 million in 2025, respectively. Such fluctuations primarily reflect changes in the estimated fair value of preferred share in relation to changes on valuation and market conditions.

We recorded net foreign exchange gains of RMB20.1 million in 2023 and RMB36 thousand in 2024, as compared to net foreign exchange losses of RMB38 thousand in 2025, respectively. The large amount of net foreign exchange gain in 2023 was primarily driven by exchange rate fluctuations during the conversion of USD-denominated capital injections into RMB. Specifically, we received capital injection proceeds from certain shareholders in USD in 2022 and 2023 and subsequently converted such funds into RMB. As the RMB depreciated against the USD during the relevant period, we recognized foreign exchange gains upon such conversions.

Selling and Marketing expenses

Our selling and marketing expenses primarily consist of (i) staff costs, mainly representing salaries and welfare for our sales personnel, (ii) traveling expenses occurred for selling purposes and (iii) service fees, mainly representing sales commission paid to third party service providers who introduce potential clients to us. Others in selling and marketing expenses primarily consist of office expenses for sales department, business hospitality expenses, advertising and promotion expenses and transportation costs for trial vehicles.

Among the above, service fees represent a key component of our selling and marketing expenses. During the Track Record Period, the service providers are primarily automotive trading companies, transportation service companies and supply chain management companies incorporated in PRC and all service providers are Independent Third Parties having no relationship with the Group other than entering into the referral arrangement. The commission is calculated as a fixed amount based on the successful purchase order subject to the key terms of the service agreements, including settlement timing, commission trigger conditions, and payment procedure. Service fee settlement occurs upon achieving the cumulative consumer purchase volume set forth in the service agreements. The commission rates range from approximately RMB5.0 thousand to RMB45.0 thousand per order, subject to specific order volume and vehicle specifications. The potential clients introduced by these service providers were primarily corporate customers and the Group conducted normal customer delivery procedures to complete the sales.

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff costs	15,493	50.4	50,489	42.3	109,975	49.2
Traveling expenses	5,242	17.1	17,154	14.3	7,864	3.5
Service fees	2,036	6.6	29,843	24.9	71,601	32.1
Depreciation and amortization	2,408	7.8	8,064	6.7	13,336	6.0
Others	5,557	18.1	14,126	11.8	20,487	9.2
Total	**30,736**	**100.0**	**119,676**	**100.0**	**223,263**	**100.0**

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, mainly representing salaries and welfare for our administrative personnel and (ii) service fees, primarily covering equity financing advisory fees, recruitment costs, audit and legal advisory fees, intellectual property consulting and agency fees and business system maintenance fees. Others in administrative expenses primarily consist of travel expenses, business hospitality expenses, rental and property management fees, utilities expenses and bank charges.

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff costs	31,515	42.0	50,546	41.8	70,239	51.8
Service fees	22,408	29.8	35,606	29.5	27,102	20.0
Office expenses	5,757	7.6	4,817	4.0	4,590	3.4
Depreciation and amortization	4,343	5.8	5,934	4.9	13,274	9.8
Others	11,101	14.8	23,891	19.8	20,265	15.0
Total	**75,124**	**100.0**	**120,794**	**100.0**	**135,470**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consist of (i) staff costs, mainly representing salaries, welfare and bonuses for our R&D personnel and (ii) service fees, mainly representing design fees and R&D related development fees.

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Staff costs	232,237	66.0	242,698	66.5	237,515	61.4
Service fees	55,101	15.7	52,861	14.5	48,475	12.5
Material costs	15,650	4.4	20,173	5.5	32,617	8.5
Depreciation and amortization	26,675	7.6	35,302	9.7	38,506	10.0
Traveling expenses	16,997	4.8	12,959	3.6	11,788	3.0
Others	5,308	1.5	767	0.2	17,718	4.6
Total	**351,968**	**100.0**	**364,760**	**100.0**	**386,619**	**100.0**

Impairment Losses On Financial Assets

Our Impairment losses on financial assets primarily consist of the impairment loss on our trade receivables. Our net impairment losses under expected credit loss model were RMB2.6 million, RMB10.7 million and RMB4.7 million in 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs represent interest on borrowings from related parties, interest on lease liabilities and interest on bank borrowings. We recorded finance costs of RMB1.6 million, RMB16.4 million and RMB26.7 million in 2023, 2024 and 2025, respectively.

Income Tax Expenses

We did not incur any income tax expenses in 2023 and 2024 as we did not recognize any tax assessable profits. In 2025, we recorded income tax expenses of RMB63 thousand as one of our subsidiaries recorded taxable profit from providing intelligent driving services.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB389.0 million, RMB675.2 million and RMB649.1 million in 2023, 2024 and 2025, respectively.

TAXATION

PRC

The income tax provision of our Group in respect of operations in Chinese mainland was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof, unless subject to preferential tax rate set out below:

- Certain small profit-making PRC subsidiaries were entitled to a preferential income tax rate of 2.5%; and

- Our Company is accredited as a "High and New Technical Enterprise" and was therefore entitled to a preferential tax rate of 15%.

Hong Kong

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of our qualifying entities will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of our entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate 16.5%. No Hong Kong profits tax was provided for as there was no estimated assessable profit in Hong Kong during the Track Record Period.

For details of income tax, see Note 11 to "Appendix I — Accountants' Report" to this Document.

PATH TO PROFITABILITY

Factors Contributing to Our Losses During the Track Record Period

Our net losses during the Track Record Period should be viewed in the context of our early-stage commercialization and scale-up phase. According to CIC, it is commonly observed for companies in the new energy heavy-duty truck sector in China to typically experience losses during the early stage of commercialization and scale expansion. In addition, our historical losses were affected by fair value changes of financial liabilities at FVTPL arising from preferred shares issued in connection with certain Pre-**[REDACTED]** investments. Such losses were accounting adjustments driven primarily by changes in valuation and market conditions, rather than our core operating performance. While we continued to record net losses, our underlying loss profile has shown a clear improving trend. In particular, adjusted net loss (non-IFRS measure) as a percentage of revenue narrowed from 101.9% in 2023 to 30.9% in 2024 and further to 14.3% in 2025, reflecting improving operating efficiency and the initial effectiveness of our commercialization and cost optimization strategies. We expect such adjusted loss margin to continue to narrow as we scale our operations. In addition, reclassification of preferred shares to equity upon completion of the **[REDACTED]** is expected to materially reduce the net loss under IFRS Accounting Standards.

The losses recorded during the Track Record Period were primarily attributable to (i) sustained intensive investment in research and development, (ii) commercialization infrastructure and selling network expansion, (iii) administrative expansion and **[REDACTED]** preparation and (iv) margin structure during early production ramp-up. In addition, our financial performance during the Track Record Period was affected by intensified competition and a downward trend in average selling prices in China's new energy heavy-duty truck market. As the industry transitioned toward large-scale commercialization, increased market participation led to adjustments in selling prices of certain models, which reduced unit revenue and exerted pressure on our gross profit margin, particularly during the early stage of our production ramp-up.

Sustained Intensive Investment in Research and Development. During the early stage of commercialization, our gross profit had not yet reached a level sufficient to cover our continued investments in research and development. We have maintained a high level of R&D investment to support product iteration and technology advancement, which is essential to our long-term competitiveness but has weighed on short-term profitability. R&D expenditure remained our largest single operating expense throughout the Track Record Period, amounting to RMB352.0 million in 2023 (approximately 90.5% of net loss), RMB364.8 million in 2024 (approximately 54.0% of net loss) and RMB386.6 million in 2025 (approximately 59.6% of net loss), respectively.

The relatively high proportion of R&D expenses reflects our strategy of establishing technological capabilities during our early commercialization phase. In particular, our R&D activities comprised hardware-related development, such as the engineering of new energy heavy-duty trucks and the self-development of three-electric core components, and software-related development, such as intelligent road freight technologies and related infrastructure. These R&D efforts resulted in substantial personnel costs, which constituted a significant portion of total R&D expenditure. The number of R&D personnel was 389 in 2023, 409 in 2024 and 408 in 2025. As a result, our annual R&D personnel expenses amounted to approximately RMB232.2 million, RMB242.7 million and RMB237.5 million in 2023, 2024 and 2025, representing approximately 66.0%, 66.5% and 61.4% of our total R&D expenses for the respective years.

In addition, we adopt a conservative approach of expensing all R&D costs as incurred, without capitalization of development expenditures. As a result, platform engineering and system development costs were fully recognized in profit or loss during the relevant periods rather than amortized over future revenue cycles, thereby increasing accounting losses during the investment stage.

Commercialization Infrastructure and Selling Network Expansion. Our mass production commenced in 2023 and we primarily adopted a direct-sales model during our early commercialization stage. In line with direct sales model, we invested in building our own sales network to support market penetration and direct engagement with end-customers. The expansion of sales scale required broader regional coverage, higher commission expenses and increased customer acquisition activities. Accordingly, selling and marketing expenses amounted to RMB30.7 million in 2023 (approximately 7.9% of net loss), RMB119.7 million in 2024 (approximately 17.7% of net loss) and RMB223.3 million in 2025 (approximately 34.4% of net loss). The increase reflects infrastructure build-out and scale expansion rather than deterioration in per-unit economics. Meanwhile, sales personnel increased from

107 in 2023 to 266 in 2024 and 428 in 2025. Accordingly, personnel costs for selling staff accounted for approximately 50.4%, 42.3% and 49.2% of selling and marketing expenses in 2023, 2024 and 2025 respectively.

Administrative Expansion and* [REDACTED] *Preparation. Administrative expenses increased in line with business expansion and **[REDACTED]** preparation. Such expenses amounted to RMB75.1 million in 2023 (approximately 19.3% of net loss), RMB120.8 million in 2024 (approximately 17.9% of net loss) and RMB135.5 million in 2025 (approximately 20.9% of net loss). The increase was primarily driven by the expansion of corporate functions required to support operational growth, internal control enhancement and **[REDACTED]** compliance. Administrative headcount increased from 42 in 2023 to 71 in 2024 and further to 104 in 2025. In particular, employee compensation increased from RMB31.5 million in 2023 to RMB50.5 million in 2024 and further to RMB70.2 million in 2025, reflecting the increase in administrative and management personnel to support our growing operations. We also incurred non-recurring **[REDACTED]**-related professional fees of RMB9.8 million in 2024 and RMB27.2 million in 2025. These were transient in nature and associated with **[REDACTED]** preparation.

Margin Structure During Early Production Ramp-up. Gross profit during the Track Record Period was RMB1.8 million in 2023 (representing a 0.4% gross margin), RMB9.8 million in 2024 (representing a 0.5% gross margin) and RMB194.9 million in 2025 (representing a 4.9% gross margin), respectively.

During 2023 and 2024, our gross profit remained relatively low as our production was in initial ramp-up stage and scale efficiencies had not yet been fully realized, which, according to CIC, is commonly observed in China's new energy heavy-duty truck market. At that stage, we had relatively weak bargaining power, had a single vehicle customization partner, and relied on external procurement of key components, especially battery packs, which limited cost flexibility. In addition, competitive dynamics in the new energy heavy-duty truck industry intensified in 2024, contributing to pricing pressure across the sector.

In 2025, our gross margin improved to 4.9% as production scale increased, procurement efficiency improved and certain self-developed components began to be integrated. The margin profile reflects early-stage production ramp-up rather than structural impairment of product economics.

Strategies and Specific Measures to Turn Around Our Profitability

We were in the loss-making position during the Track Record Period with net losses of RMB389.0 million, RMB675.2 million and RMB649.1 million in 2023, 2024 and 2025, respectively. This primarily reflects our transition from a pre-revenue research and development phase to full-scale commercialization and production ramp-up, as we only commenced mass production and commercial sales in 2023. During the same periods, revenue increased by approximately 9.3 times from RMB425.6 million in 2023 to RMB3,961.1 million in 2025, reflecting rapid scaling following commercialization.

We intend to turn around our profitability through a combination of revenue scale-up, structural gross profit margin improvement and operating leverage.

Revenue Scale-up and Structural Profit Conversion Through Volume Expansion. Our first and most fundamental path to profitability is revenue scale-up driven by vehicle deliveries, coupled with structural margin conversion as volume expands.

First, we have already demonstrated our ability to scale revenue through delivery growth. Revenue increased approximately 9.3 times from 2023 to 2025. During the same years, vehicle deliveries increased from 509 units in 2023 to 3,002 units in 2024, and further to 8,020 units in 2025. In the first quarter of 2026, the vehicle delivery further increased to 1,409 units, representing a year-over-year increase of approximately 68.3% over the 837 units delivered in the first quarter of 2025. This continued delivery growth reflects ongoing order intake and execution capability, evidencing that our commercialization and customer acquisition strategy has been effectively implemented.

Second, we are optimizing our product mix toward core vehicle models with more attractive unit economics. In particular, the acceleration in deliveries during 2025 was underpinned by the successful ramp-up of the Deepway Xingtu. Since launching in 2025, the Deepway Xingtu quickly scaled up, achieving a delivery volume of 3,985 units, or 49.7% of our total delivery volume in 2025. Importantly, the Deepway Xingtu achieved an average sales margin of 9.4% in 2025, which is higher than our overall 2025 gross margin of 4.9% for new energy heavy-duty trucks. This is mainly because the Deepway Xingtu adopts the cab-over design with a more optimized vehicle structure and platform design, which helps improve space utilization, manufacturing efficiency and overall cost efficiency. In addition, we gradually increase the installation rate of our self-developed three-electric components that reduce per-vehicle costs. As the proportion of the Deepway Xingtu grows, incremental revenue contributes to gross profit improvement, thereby enhancing the blended margin.

Our near-term revenue visibility is supported by both our build-to-order model and delivery growth. As of the Latest Practicable Date, we had an order backlog of 516 units, of which 416 units had been confirmed with deposits received, representing a contracted value of approximately RMB215.6 million. Given the build-to-order nature of the new energy heavy-duty truck industry, our order backlog is generally converted into deliveries within a relatively short period and therefore reflects near-term customer demand and execution status. In addition, our deliveries increased from 837 units in the first quarter of 2025 (out of the 8,020 vehicles for the full year of 2025) to 1,409 units in the first quarter of 2026, representing a year-on-year increase of approximately 68.3%, demonstrating continued delivery growth and execution capability.

Third, we believe we can continue to grow revenue despite the intensified competition and the pricing adjustments observed during the Track Record Period in China's new energy heavy-duty truck market. During the Track Record Period, the new energy heavy-duty truck industry in China experienced a downward pricing trend. According to CIC, such trend was primarily attributable to a combination of cost-side adjustments and intensified market competition. In particular, the price of battery-grade lithium carbonate, a key raw material for power batteries, declined from approximately RMB300 thousand per tonne in June 2023 to approximately RMB100 thousand per tonne in December 2025, which reduced battery procurement costs and created room for industry-wide price adjustments. In addition, beginning in 2024, competition in the fuel-to-electric conversion segment intensified as large state-owned and private manufacturers accelerated product rollouts and pricing adjustments to expand market penetration. According to CIC, the downward pricing trend was driven primarily by structural factors associated with industry maturation, scale effects and evolving product mix, supplemented by cyclical commodity price factors. As the new energy heavy-duty truck industry transitioned from early-stage commercialization to scaled deployment, production efficiency improved, supply chains became more mature and economies of scale contributed to a structurally lower cost base. At the same time, battery raw material prices, including lithium carbonate prices, remain subject to global supply-demand cycles and may fluctuate over time. Consistent with the industry-wide trend, our average selling price decreased during the Track Record Period. Such decrease was primarily due to reductions in battery-related costs, our continued optimization and self-development of core three-electric components, and intensified market competition. Despite the decline in average selling price, our cost structure improved in parallel as a result of lower battery costs and the enhanced self-development of core components, which helped mitigate the impact of price adjustments on our profitability.

Our ability to continue capturing market demand in a competitive pricing environment does not depend on competing solely on price, but is supported by demonstrated product competitiveness, including energy efficiency, range performance and TCO advantages, which are key purchasing considerations for end-customers. The introduction of the DeepWay Xingtu enabled us to support volume growth with a broadened customer base. At the same time, procurement cost normalization and the progressive integration of self-developed three-electric components contributed to improved cost efficiency and partially mitigated the margin impact arising from pricing adjustments. Accordingly, although pricing adjustments reduced unit revenue during the Track Record Period, our overall financial performance in the latter part of the Track Record Period reflects an increasing contribution from scale expansion, product mix optimization and cost improvement measures, rather than a linear deterioration driven solely by price compression.

In response to industry competition and pricing pressure, we have focused on cost optimization, product differentiation and market segmentation rather than competing solely on price. Our products are developed based on forward-engineering new energy heavy-duty truck architecture rather than conventional fuel-to-electric conversion, which allows us to better address electrification use cases, including energy efficiency, range performance, functionality and TCO, all of which are increasingly important purchasing considerations for logistics operators. We categorize our products by battery capacity and implement differentiated competitive strategies across these battery-capacity segments. In the 400kWh segment, which has become increasingly competitive and is characterized by broader participation from retail operators and smaller fleets, we are enhancing cost efficiency and weight optimization to maintain competitiveness while preserving product performance standards. In the 500kWh segment, we leverage our engineering advantages in energy efficiency and range performance to differentiate our offerings in mid-to-long haul logistics scenarios, and seek to maintain relative pricing stability by emphasizing TCO rather than solely upfront pricing. In the 600kWh segment, we plan to expand our presence in high-capacity, long-haul applications through optimized vehicle platform designs suited for large-battery configurations. In addition, our competitive position is supported by cost control and vertical integration, including the in-house production of core three-electric components at the Changxing Three-Electric Smart Factory, which is expected to enhance cost visibility and supply chain coordination. The Changxing Three-Electric Smart Factory is expected to improve our cost structure by supporting the in-house production and scaling of core three-electric systems, thereby reducing reliance on external procurement and enhancing cost control over key components. Going forward, this is expected to support gross margin improvement and supply chain resilience, although the ramp-up of in-house production may also involve execution risks, upfront capital expenditure, production yield risks and operational risks associated with managing a new manufacturing facility. We also continue to build broader ecosystem capabilities, including assisted driving functions, after-sales services, logistics collaboration and charging-related cooperation, which help reduce barriers to customer adoption, improve customer stickiness and support scalable deployment, particularly in commercial fleet scenarios where product performance alone is insufficient to secure adoption.

Fourth, we are increasing the contribution of overseas markets with lower competitive intensity as compare to domestic market, where our gross margin in 2025 was significantly higher than that of domestic sales. As of the Latest Practicable Date, we had accumulatively delivered nine new energy heavy-duty trucks and entered into sales agreements for 16 new energy heavy-duty trucks in overseas markets. These initial deliveries and signed agreements demonstrate early-stage commercial validation of our overseas strategy and provide a foundation for further market expansion. Overseas models recorded a gross margin of approximately 25.5% in 2025. As overseas sales contribution increases, blended gross margin is expected to improve. We have established a clear and detailed overseas expansion strategy and have completed a series of necessary product certifications for our target markets.

Fifth, we are gradually building revenue streams beyond one-time vehicle sales. Vehicle sales create an expanding installed base for our intelligent road freight technologies and support monetization through software subscriptions and spare parts demand. Collectively, we generated approximately RMB1.3 million in revenue for offering Tianji Suixing and Tianji Yanxing in 2025. As a key example, the post-truck-sale Tianji Suixing subscription rate reached over 30% as of March 31, 2026 since its commercialization in 2025, reflecting initial customer acceptance of our post-sale software monetization model and supporting the scalability of recurring revenue streams. By 2025, (i) over 6,000 units of vehicles equipped with Tianji Suixing had been delivered, covering over 300 end-customers, (ii) 35 vehicles had been sold under the buyout model, under which customers made a one-time payment to acquire the full usage rights of the system, and (iii) 224 vehicles were enrolled in the post-sale subscription upon the expiry of the initial free trial period. As of the Latest Practicable Date, the cumulative number of vehicles equipped with Tianji Suixing further increased to over 7,500 units. As the installed base increases, recurring revenue streams from software subscriptions and spare parts are expected to contribute increasingly to profitability.

Structural Gross Profit Margin Improvement. Our second path to profitability is structural gross profit margin improvement through vertical integration, product mix optimization, economies of scale and supply chain optimization. During the Track Record Period, we successfully improved our gross profit margin from 0.4% in 2023 to 4.9% in 2025. The improvement was structurally driven.

First, we expect to achieve structural bill-of-materials, or (BOM) reduction through vertical integration. Bill of materials, or BOM, refers to the key raw materials, components, parts and assemblies required to manufacture new energy heavy-duty trucks. For the three-electric components, we are transitioning from an assembly-based model to a self-developed component model centred on the Changxing Three-Electric Smart Factory. The three-electric system traditionally represents one of the largest cost components in a new energy heavy-duty truck. According to CIC, the three-electric components cost of the new energy heavy-duty truck generally represent approximately 60% to 70% of the total cost. As such, structural cost reduction in this area has a direct and material impact on gross margin. By shifting from outsourced procurement to in-house production, we expect to achieve meaningful and recurring cost advantages. In addition to direct cost savings, vertical integration improves cost predictability, production flexibility and supply chain control. By way of example, the self-developed batteries constitutes the majority of the BOM. Based on the projected installation rates and delivery volume, and with the installation ratio of self-developed batteries expected to reach over 80% in 2027, total vehicle cost savings from in-house three-electric systems are estimated at RMB400–500 million in 2026 and RMB600–800 million in 2027.

Second, margin expansion is further supported by optimized product mix, overseas market premium, economies of scale and supply chain optimization. The Deepway Xingtu recorded average sales margins exceeding our overall gross profit margin in 2025. As the sales mix continues to tilt toward the Deepway Xingtu, our blended gross profit margin is expected to continue to improve. In 2025, overseas models recorded a gross profit margin significantly higher than the domestic gross profit margin. Overseas sales are expected to increase as a proportion of total deliveries, further enhancing the blended margin profile.

We also expect to benefit from economies of scale and procurement efficiencies. Rapid delivery growth allows us to further spread our fixed overhead in relation to vehicle customization and strengthen bargaining power with upstream suppliers. At the same time, we actively manage our third-party customization arrangements to strengthen structural cost control, improve production flexibility and reduce reliance on any single partner. During the Track Record Period, our vehicle customization arrangements supported continued cost optimization as production scale increased. In addition, the introduction of Shandong Reach as the second vehicle customization partner enhanced our flexibility to allocate production based on model requirements, operational efficiency and capacity planning. By adopting a multi-partner production strategy and dynamically allocating production accordingly, we improve overall cost stability, mitigate supply disruption risk and strengthen long-term pricing control.

Operational Efficiency and Operating Leverage. Our third path to sustainable profitability is through the strategic optimization of operational efficiency and the realization of significant operating leverage. As we scale our revenue, our intensive front-loaded investments — particularly in R&D — are being progressively diluted across a significantly expanded revenue base.

First, we have already demonstrated optimization of R&D efficiency. Historically, R&D expenditure was the single largest contributor to our net losses, representing 82.7% of total revenue in 2023. As commercialization progressed, this ratio declined materially to 9.8% in 2025, reflecting our transition from foundational platform development to incremental R&D iteration and optimization.

After expanding from 268 R&D personnel in 2022 to 389 personnel in 2023 to support mass production readiness, R&D headcount stabilized at 409 by 2024 and 408 by 2025. This stabilization indicates that major platform development has largely been completed and future R&D expansion will be more targeted. Furthermore, our R&D expenditure remained relatively stable from RMB352.0 million in 2023 to RMB386.6 million in 2025, while our R&D headcount remained broadly stable after 2023, reflecting a more disciplined and targeted approach to R&D resource allocation. Beginning in the fourth quarter of 2025, we commenced commercialization of our software via high-margin subscription model, which enables revenue growth without a proportional increase in R&D spending, further enhancing operating leverage.

Second, we have maintained administrative and management efficiency while scaling. We maintain a lean corporate structure, enabling administrative expenses to decline from 17.6% of total revenue in 2023 to 3.4% in 2025. We incurred approximately RMB37.0 million in non-recurring **[REDACTED]**-related professional fees across 2024 and 2025. The elimination of these expenses following the **[REDACTED]** will provide an immediate uplift to net margin, independent of operating improvements.

Third, we have improved commercialization and marketing efficiency. Selling and marketing expenses as a percentage of total revenue declined from 7.2% in 2023 to 5.6% in 2025, indicating that our commercial infrastructure has become more scalable as revenue and delivery volume increased. At the same time, our expanding product portfolio, broader regional coverage and growing installed base have enabled us to improve sales conversion and after-sales monetization while leveraging a more efficient sales and distribution network. As a result, broader market coverage and higher transaction volume have been supported without linear growth in selling and marketing expenses.

Sustainability of Our Business

Our Directors are of the view, and the Joint Sponsors concur, that our business is sustainable, based on (i) our demonstrated transition from a research and development-focused stage to commercial-scale operations, as evidenced by rapid revenue growth and delivery expansion following the commencement of vehicle mass production, (ii) the structural improvement in our gross margin, operating efficiency and operating cash flow during the Track Record Period, together with our solid liquidity position, access to undrawn banking facilities and shareholder support arrangements, and (iii) supportive industry fundamentals, including continued electrification trends and policy support in the new energy heavy-duty truck sector. See also "Industry Overview — Overview of the New Energy Heavy-duty Truck Market." Based on the foregoing, our Directors believe that we have established a scalable commercial platform with improving operating efficiency and adequate financial resources to support the sustainability of our business.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue significantly increased by 101.2% from RMB1,968.6 million in 2024 to RMB3,961.1 million in 2025.

- Our revenue generated from sale of new energy heavy-duty trucks increased by 100.3% from RMB1,961.2 million in 2024 to RMB3,927.5 million in 2025. This robust performance was attributable to the accelerating industry-wide transition from fuel-powered to new energy heavy-duty trucks and the increasing market penetration of such vehicles. Consequently, the sales volume of our new energy heavy-duty trucks rose substantially from 3,002 units in 2024 to 8,020 units in 2025, underpinned by the strong competitiveness of our forward-engineered electric heavy-duty trucks. We further expanded our market reach in 2025 through the introduction of new vehicle configurations, including cost-effective short-wheelbase models and right-hand drive models for overseas markets. We procure our major customers primarily through a direct sales model, where our sales team actively generates and pursues leads to secure orders. This customer acquisition effort is underpinned by our dominant position in the 500kWh battery segment, where our vehicles are the preferred choice due to large capacity, long range, and low energy consumption. Meanwhile, through technologies such as the electric drive axle and assisted driving systems, which significantly reduce energy consumption and operational costs, we provide our customers with preferable total cost of ownership, gaining wider recognition.

- Our revenue generated from sale of spare parts increased by 338.5% from RMB7.4 million in 2024 to RMB32.4 million in 2025, in line with the increased demand for spare parts driven by growing installed base of our trucks in the market.

- We began to generate revenues of RMB1.3 million from others by offering Tianji Suixing and Tianji Yanxing, two of our intelligent road freight technologies in 2025. See "Business — Our Offerings — Intelligent Road Freight Technologies" for details.

Cost of Sales

Our cost of sales significantly increased by 92.3% from RMB1,958.8 million in 2024 to RMB3,766.2 million in 2025. This increase was in line with our business expansion and the growth in sales volume, driven mainly by increased costs of new energy heavy-duty trucks. Despite our average unit procurement costs for raw materials and components generally decreased in 2025, the increase in cost of sales primarily reflected the higher number of units sold and delivered during 2025, which led to higher total direct material and component procurement costs, vehicle customization costs and logistics costs. Such increase was not attributable to increases in the direct unit prices of raw materials or components.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit significantly increased from RMB9.8 million in 2024 to RMB194.9 million in 2025. Our gross profit margin increased from 0.5% in 2024 to 4.9% in 2025, mainly due to the stabilization of market prices, gradual maturity of the industry and our cost-side improvements primarily driven by the expansion of our operating scale and improvements in our cost structure. In particular, we benefited from higher delivery volume and improved production efficiency, which enabled better absorption of fixed customization costs. We successfully integrated our self-developed three-electric systems, and also equipped over 49% of the vehicles sold with battery packs in 2025, thereby reducing reliance on external suppliers and lowering per-unit costs. In addition, product mix optimization, including the introduction of higher-margin models, also contributed to the improvement in gross profit margin. As these cost advantages further materialize, we expect our gross profit and gross profit margin to improve as our business continues to expand.

Other Income

Our other income increased by 83.5% from RMB12.9 million in 2024 to RMB23.7 million in 2025, primarily due to a government subsidy of RMB10.0 million in relation to enterprise development support and innovation capability incentives.

Other Gains and Losses, Net

Our net other losses increased by 14.0% from RMB55.8 million in 2024 to RMB63.6 million in 2025, primarily attributable to the fair value changes of our financial liabilities in relation to the Pre-**[REDACTED]** investments.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 86.6% from RMB119.7 million in 2024 to RMB223.3 million in 2025, primarily attributable to increased employee compensation and service fees in line with the expansion of our sales and marketing team and commercialization efforts. The increase reflects our increased salesforce deployment, broader market coverage and greater use of third-party sales and marketing support.

Administrative Expenses

Our administrative expenses increased by 12.1% from RMB120.8 million in 2024 to RMB135.5 million in 2025 , in line with the overall expansion of our operational scale.

Research and Development Expenses

Our research and development expenses increased by 6.0% from RMB364.8 million in 2024 to RMB386.6 million in 2025, primarily attributable to higher materials costs, service fees and depreciation and amortization in connection with continued product iteration, testing and validation of vehicle platforms and related technologies.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by 56.0% from RMB10.7 million in 2024 to RMB4.7 million in 2025, primarily because the increase in our trade receivables balance in 2025 was lower than prior year period, resulting in a smaller amount of additional impairment provision recognized under the expected credit loss.

Finance Costs

Our finance costs increased by 62.8% from RMB16.4 million in 2024 to RMB26.7 million in 2025, primarily due to an increase in the scale of our short-term and long-term bank borrowings to support our operational needs.

Income Tax Expenses

Our income tax expenses increased from nil in 2024 to RMB63 thousand in 2025, primarily due to one of our subsidiaries recorded taxable profit from providing intelligent driving services in 2025.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 3.9%, from RMB675.2 million in 2024 to RMB649.1 million in 2025.

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

Revenue

Our revenue significantly increased by 362.5% from RMB425.6 million in 2023 to RMB1,968.6 million in 2024.

- Our revenue generated from sale of new energy heavy-duty trucks significantly increased by 361.2% from RMB425.2 million in 2023 to RMB1,961.2 million in 2024, primarily due to the commercialization and mass delivery of new energy heavy-duty trucks since 2023, combined with deepening penetration of new energy heavy-duty trucks across the industry. As a result, the increase in revenue was primarily driven by a substantial growth in sales volume. The sales volume of our new energy heavy-duty trucks increased from 509 units in 2023 to 3,002 units in 2024. Such growth was further supported by the strong competitiveness of our new energy heavy-duty trucks, which are equipped with large-capacity battery systems and energy-efficient technologies, enabling longer driving range and lower energy consumption.

- Our revenue generated from sale of spare parts significantly increased by 1,562.2% from RMB0.4 million in 2023 to RMB7.4 million in 2024, in line with the increased demand for spare parts driven by growing installed base of our trucks in the market.

Cost of Sales

Our cost of sales significantly increased by 362.2% from RMB423.8 million in 2023 to RMB1,958.8 million in 2024. This increase was in line with our business expansion and the growth in sales volume, driven mainly by increased costs of new energy heavy-duty trucks. The increase largely reflected higher direct component purchase costs, greater vehicle customization costs and elevated logistics costs, primarily as a result of increased sales scale and delivery volume, together with short-term production ramp-up costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit significantly increased by 437.0% from RMB1.8 million in 2023 to RMB9.8 million in 2024. Our gross profit margin slightly increased from 0.4% in 2023 to 0.5% in 2024. The increase in gross profit was primarily driven by the growth in sales volume during the respective years which reflected the transition from initial commercialization in 2023 to early-stage scaled-up production in 2024, while gross profit margin remained relatively stable as the Group remained at an early stage of mass production and commercialization, where production scale had not yet been sufficient to fully realize economies of scale and unit customization costs remained relatively high. In addition, intensified market competition and industry-wide pricing pressure for new energy heavy-duty trucks continued to exert pressure on our overall gross profit margin.

Other Income

Our other income increased by 116.8% from RMB6.0 million in 2023 to RMB12.9 million in 2024, primarily due to a government subsidy of RMB10.0 million in relation with the enterprise development support and innovation capability incentives.

Other Gains and Losses, Net

We recorded net other losses of RMB55.8 million in 2024 as compared to net other gains of RMB65.2 million in 2023. This change was primarily attributable to the fair value changes of our financial liabilities as a result of equity financing arrangements.

Selling and Marketing Expenses

Our selling and marketing expenses significantly increased by 289.4% from RMB30.7 million in 2023 to RMB119.7 million in 2024, primarily attributable to increased employee compensation, service fees and travel expenses, in line with the expansion of our sales and marketing team and broader commercialization activities. The increase was also partly attributable to higher depreciation and amortization.

Administrative Expenses

Our administrative expenses increased by 60.8% from RMB75.1 million in 2023 to RMB120.8 million in 2024, primarily due to the increase in employee compensation, service fees and other administrative expenses in relation to expanded administrative team to support our increased operational scale.

Research and Development Expenses

Our research and development expenses slightly increased by 3.6% from RMB352.0 million in 2023 to RMB364.8 million in 2024, primarily attributable to increased employee compensation, reflecting our continued investment in R&D personnel to support business development and commercialization.

Impairment Losses on Financial Assets

Our impairment losses on financial assets significantly increased by 309.2% from RMB2.6 million in 2023 to RMB10.7 million in 2024, primarily due to higher accounts receivable balance driven by our expanded sales volume.

Finance Costs

Our finance costs significantly increased by 948.7% from RMB1.6 million in 2023 to RMB16.4 million in 2024, primarily due to an increase in interest on bank borrowings of RMB9.8 million and an increase in interest on borrowings from related parties of RMB4.9 million to meet our capital requirements in line with our business growth.

Income Tax Expenses

Our income tax expenses remained at nil and nil in 2023 and 2024, respectively, as we did not record any assessable profits during the respective years.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 73.6% from RMB389.0 million in 2023 to RMB675.2 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	537,240	567,910	753,015
Current assets	810,503	1,988,201	5,023,353
Total assets	**1,347,743**	**2,556,111**	**5,776,368**
Non-current liabilities	116,053	98,874	225,204
Current liabilities	1,804,060	3,704,813	7,447,835
Total liabilities	**1,920,113**	**3,803,687**	**7,673,039**
Total assets less current liabilities	**(456,317)**	**(1,148,702)**	**(1,671,467)**
Net current liabilities	**(993,557)**	**(1,716,612)**	**(2,424,482)**
Net liabilities	**(572,370)**	**(1,247,576)**	**(1,896,671)**
Share capital	—	130,584	153,438
Paid-in capital	104,184	—	—
Reserves	(676,554)	(1,378,160)	(2,050,109)
Total deficits	**(572,370)**	**(1,247,576)**	**(1,896,671)**

We recorded net current liabilities and net liabilities as of December 31, 2023, 2024 and 2025, respectively. These positions were primarily attributable to the combined effect of (i) the recognition of certain Pre-**[REDACTED]** investments as financial liabilities at fair value through profit or loss, or FVTPL, (ii) losses incurred during our research and development and early commercialization stage and (iii) the increase in current liabilities as our production, procurement and financing activities expanded. In particular, a substantial portion of our current liabilities consisted of financial liabilities at FVTPL arising from redemption rights attached to certain Pre-**[REDACTED]** investments. Upon completion of the **[REDACTED]**, such redemption liabilities are expected to be re-designated from liabilities to equity as a result of the automatic conversion into ordinary shares upon **[REDACTED]**, which is expected to materially improve our net current liabilities and net liabilities position.

As of December 31, 2023, 2024 and 2025, our reserves were negative RMB676.6 million, negative RMB1,378.2 million and negative RMB2,050.1 million, respectively. At the same time, share capital increased from nil as of December 31, 2023 to RMB130.6 million as of December 31, 2024 and RMB153.4 million as of December 31, 2025, while paid-in capital changed from RMB104.2 million in 2023 to nil in 2024 and 2025. These changes mainly reflected equity movements arising from share issuances and the applicable accounting presentation of our capital structure under the relevant financial reporting standards. In addition, current liabilities increased materially as our operations scaled. This was primarily driven by increases in trade and other payables, bank borrowings, financial liabilities at FVTPL and provisions. These changes mainly reflected the expansion of our procurement, production and financing activities rather than a stand-alone deterioration in our operating cash position.

To improve our financial position and minimize liquidity risk, we plan to continually enhance our cash flow in order to strengthen our working capital and manage our capital expenditure in line with our operating and financing activities. Specifically, we plan to (i) extend or restructure short-term borrowings into long-term debt to optimize our capital structure including through refinancing arrangements with existing banking partners, (ii) further improve cash flow generated from operating activities by driving sales growth and implementing cost control initiatives across procurement, manufacturing and administrative functions, (iii) strengthen trade receivable management to accelerate collection cycles through enhanced credit assessment and more stringent collection procedures, (iv) maintain flexible inventory levels and improve supply chain efficiency to shorten inventory turnover days by optimizing procurement planning and production scheduling, (v) expand financing channels by securing new bank facilities and policy-based funding support and (vi) renegotiate supplier payment terms to extend settlement periods in line with industry practice and procurement scale. We believe these measures will contribute to a more stable liquidity position and improved capital structure, thereby supporting the orderly execution of our business operations and long-term strategic plans.

Current Assets and Current Liabilities

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Inventories	148,930	157,672	578,681	1,693,146
Trade and other receivables	321,234	1,175,278	1,583,052	1,847,571
Financial assets at fair value through profit or loss ("**FVTPL**")	13,366	—	—	—
Amount due from a related party	10	—	—	—
Restricted bank balances	200,000	341,400	1,249,272	817,648
Cash and cash equivalents	126,963	313,851	1,612,348	1,398,177
Total current assets	**810,503**	**1,988,201**	**5,023,353**	**5,756,542**
Trade and other payables	196,213	1,093,038	3,194,006	3,237,782
Contract liabilities	10,060	34,807	76,772	51,581
Tax payable	—	—	63	—
Bank borrowings	20,000	590,210	1,084,986	1,798,439
Lease liabilities	9,866	11,784	12,836	13,701
Financial liabilities at FVTPL	1,389,872	1,896,218	3,035,159	3,257,572
Amounts due to related parties	175,798	68,086	8,041	8,081
Provisions	2,251	10,670	35,972	36,673
Total current liabilities	**1,804,060**	**3,704,813**	**7,447,835**	**8,403,829**
Net current liabilities	**(993,557)**	**(1,716,612)**	**(2,424,482)**	**(2,647,287)**

Our net current liabilities increased from RMB2,424.5 million as of December 31, 2025 to RMB2,647.3 million as of March 31, 2026, primarily due to (i) an increase of RMB713.5 million in our bank borrowings, (ii) a decrease of RMB431.6 million in restricted bank balances, (iii) an increase of RMB222.4 million in financial liabilities at FVTPL and (iv) a decrease of RMB214.2 million in cash and cash equivalents; partially offset by (i) an increase of RMB1,114.5 million in inventories and (ii) an increase of RMB264.5 million in trade and other receivables.

Our net current liabilities increased from RMB1,716.6 million as of December 31, 2024 to RMB2,424.5 million as of December 31, 2025, primarily due to (i) an increase of RMB2,101.0 million in trade and other payables, (ii) an increase of RMB1,138.9 million in financial liabilities at FVTPL and (iii) an increase of RMB494.8 million in bank borrowings; partially offset by (i) an increase of RMB1,298.5 million in cash and cash equivalents, (ii) an increase of RMB907.9 million in restricted bank balances, (iii) an increase of RMB421.0 million in inventories and (iv) an increase of RMB407.8 million in trade and other receivables.

Our net current liabilities increased from RMB993.6 million as of December 31, 2023 to RMB1,716.6 million as of December 31, 2024, primarily due to (i) an increase of RMB896.8 million in trade and other payables, (ii) an increase of RMB570.2 million in bank borrowings and (iii) an increase of RMB506.3 million in our financial liabilities at FVTPL; partially offset by (i) an increase of RMB854.0 million in trade and other receivables, (ii) an increase of RMB186.9 million in cash and cash equivalents and (iii) an increase of RMB141.4 million in restricted bank balances.

Assets

Property, Plant and Equipment

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Electronic equipment	20,928	22,607	23,433
Office equipment	1,442	1,811	2,282
Plant and machinery	9,491	16,000	55,478
Motor vehicles	43,296	53,383	62,685
Molds	195,056	193,921	220,290
Buildings	—	—	109,028
Leasehold improvements	1,655	907	1,803
Construction in progress	42,704	56,272	71,576
Total	**314,572**	**344,901**	**546,575**

Our property, plant and equipment increased from RMB314.6 million as of December 31, 2023 to RMB344.9 million as of December 31, 2024, and further to RMB546.6 million as of December 31, 2025, primarily due to the increase in our molds, motor vehicles and plant and machinery to support increased production capacity associated with our business expansion, such as the buildings in connection with the completion and capitalization of Phase I of the Changxing Three-Electric Smart Factory in 2025.

Right-of-use Assets

Our right-of-use assets represent (i) leased properties, (ii) leased machinery and (iii) leasehold land. Our right-of-use assets increased from RMB21.2 million as of December 31, 2023 to RMB55.7 million as of December 31, 2024, primarily attributable to the increase in our leasehold land of RMB31.6 million. Our right-of-use assets subsequently decreased to RMB52.6 million as of December 31, 2025, primarily attributable to the relatively limited increase in leased properties in 2025, while our right-of-use assets were subject to ongoing depreciation, resulting in a lower net carrying amount as of December 31, 2025.

Intangible Assets

Our intangible assets represent our non-patent technology and software. Our intangible assets decreased from RMB169.8 million as of December 31, 2023 to RMB154.5 million as of December 31, 2024, primarily attributable to the decrease in our non-patent technology from RMB126.7 million to RMB111.5 million during the period. Our intangible assets subsequently decreased to RMB141.4 million as of December 31, 2025, primarily due to the amortization of certain technologies.

Time Deposits

Our time deposits were RMB20.0 million, nil and nil as of December 31, 2023, 2024 and 2025, respectively. For details, see "— Liquidity and Capital Resources."

Other Assets

Our other assets consist of (i) prepayments for acquisition of property, plant and equipment, (ii) prepayments for acquisition of intangible assets, (iii) rental deposits, (iv) deposits to suppliers and (v) other prepayments. During the Track Record Period, we recorded other assets of RMB11.7 million, RMB12.8 million and RMB12.5 million, respectively.

The increase in our other assets from 2023 to 2024 was primarily due to the increase in deposits to suppliers as our business scale expanded. The decrease in our other assets from 2024 to 2025 was primarily due to the decrease in rental deposits and the capitalization and subsequent recognition of software as intangible assets.

Inventories

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	4,986	75,530	355,340
Finished goods	143,944	82,142	223,341
Total	**148,930**	**157,672**	**578,681**

Our inventories increased from RMB148.9 million as of December 31, 2023 to RMB157.7 million as of December 31, 2024 and RMB578.7 million as of December 31, 2025, primarily because our sales increased and we stored more raw materials in anticipation of more orders.

During the Track Record Period, the aging of our inventories was all within one year.

We believe we have a comprehensive and adequate system in place for identifying and accounting for inventory risks. We regularly review our inventories to identify items with low sales or usage value and conduct impairment provision tests accordingly. We further assess inventories based on the lower of cost or net realizable value to make any additional impairment provisions if we recognize impairments.

We provided provision against inventories by estimating the net realizable value based on relevant input such as backlog orders, technology obsolescence, quality ratings, recent and expected sales, among others. Among raw materials, spare parts are mainly used for the maintenance and upgrading of production equipment and are deemed durable consumables and also exhibit a longer conversion period and conversion potential. During the Track Record Period, no material impairment of inventories was identified, and we believe that sufficient provisions had been made for inventories.

The following table sets forth an aging analysis of our inventories after deduction of provision based on recognition date as of the dates indicated:

	For the year ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	66	29	36

Note:

(1) Inventory turnover days for the year equal the average of the beginning and ending net inventory for the year divided by cost of sales for that year and multiplied by 365 days.

Our inventory turnover days were primarily affected by production cycles, customer delivery deadlines and other related factors that we take into consideration in ensuring timely supply during regular production processes. Our inventory turnover days decreased from 66 days in 2023 to 29 days in 2024, primarily due to the increase in our sales volume. Our inventory turnover days subsequently increased to 36 days in 2025, primarily due to our storage of raw materials and finished goods in anticipation of sales increase.

As of March 31, 2026, RMB458.9 million, or 79.3% of our inventories outstanding as of December 31, 2025 had been subsequently sold or utilized.

Trade and Other Receivables

Our trade and other receivables primarily represent outstanding receivables from customers and prepayments to our suppliers. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	168,924	999,633	1,343,720
Battery operating leasing companies	101,601	289,999	289,308
Other customers	67,324	709,635	1,054,412
Bills receivables	—	2,141	8,512
Less: impairment loss allowance for trade receivables	(2,615)	(13,316)	(18,029)
Prepayments to suppliers	115,415	129,350	105,060
Deposits to suppliers	1,185	909	20,835
Rental deposits	822	760	2,167
Value-added tax recoverable	29,130	44,509	73,975
Supplier rebate receivables	2,846	797	34,886
Staff advances	159	32	166
Deferred issue cost	—	1,459	5,405
Other prepayments and receivables	5,368	9,004	6,355
Total	**321,234**	**1,175,278**	**1,583,052**

Our trade and other receivables increased from RMB321.2 million as of December 31, 2023 to RMB1,175.3 million as of December 31, 2024, and further to RMB1,583.1 million as of December 31, 2025, in line with the growth of our business and increased sales.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	162,848	855,016	1,133,535
91 days to 180 days	—	81,060	158,313
181 days to 1 year	6,076	46,956	48,242
1–3 years	—	16,601	3,630
Less: impairment loss allowance for trade receivables	(2,615)	(13,316)	(18,029)
Total	**166,309**	**986,317**	**1,325,691**

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

	For the year ended December 31,		
	2023	2024	2025
Trade receivable turn over days(1)			
Battery operating leasing companies	72	129	240
Other customers	72	100	91
Total	**72**	**108**	**108**

Note:

(1) Trade receivables turnover days for the year equal the average of the beginning and ending trade receivables for the year divided by revenue for that year and multiplied by 365 days.

In 2023, 2024 and 2025, our trade receivables turnover days were 72 days, 108 days and 108 days, respectively. Our trade receivables turnover days remained relatively high, primarily because new energy heavy-duty trucks inherently involve longer transaction and settlement cycles, particularly under our direct sales model where customer payment timing directly affects trade receivables. End-customers typically rely on financing arrangements and are required to complete procedures such as insurance procurement, vehicle registration, and collateral setup prior to loan disbursement, which extends the payment cycle. Under our battery-vehicle separation model, payments for batteries are further subject to separate financing and leasing approval processes by battery banks. According to CIC, these processes generally extend the cash collection cycle by approximately two to four months. Accordingly, our trade receivable turnover period is in line with the commercial practices of the new energy heavy-duty truck industry and is considered reasonable. During the Track Record Period, the increase in our trade receivables turnover days was primarily due to (i) our direct sales model, under which we primarily sold directly to end-customers rather than through distributors during the Track Record Period, which resulted in relatively longer credit terms and collection cycles for trade receivables, (ii) the time required for end-customers to complete vehicle registration and related procedures, including obtaining insurance, applying for government purchase subsidies and arranging relevant financing solutions, which typically took approximately two to three months for approvals to be completed, and (iii) the increased balance of trade receivables from battery operating leasing companies under our battery separation arrangements, where the leasing review process generally took two to three months to complete and the agreed payment terms were relatively longer.

With respect to our direct sales, the typical time required to complete vehicle registration for our customers is ideally 90 days. However, this process can be prolonged due to various reasons, including, among others, delays in customers' trailer synchronization, time-consuming administrative processes and peak season traffic. To mitigate risks associated with these delays, we plan to (i) actively coordinate with vehicle management authorities to flexibly schedule inspection appointments, (ii) advise our customers to timely order trailers, (iii) facilitate financing process with our partnerships with multiple financial institutions, (iv) closely monitor current cash flows and the status of accounts receivable collections and implement a strict internal reward and penalty system to incentivize timely collection, and (v) proactively maintain robust internal liquidity through cash reserves and diversified financing. With respect to our sales to battery operating leasing companies, our end-customers initiate applications for battery operating leases simultaneously with the process of securing financial leasing for the vehicle body. The financial leasing process for the vehicle body typically requires approximately three to four months to complete. Subsequently, we deliver the vehicle to the customer while the battery leasing company completes its initial audit. Following the acceptance , it generally takes an additional two months for the battery leasing company to complete final audit and release the funds to us.

As of March 31, 2026, RMB390.3 million, or 29.0% of our trade receivables (before impairment loss allowance) outstanding as of December 31, 2025 had been subsequently collected.

Financial Assets at FVTPL

Our financial assets at FVTPL primarily consist of our wealth management products. Our financial assets at FVTPL decreased from RMB13.4 million as of December 31, 2023 to nil and nil as of December 31, 2024 and 2025, respectively, primarily due to the change in our wealth management strategies. Prior to 2024, we purchased non-deposit wealth management products with higher returns, as we had relatively lower capital requirements for daily operations and supplier payments before we entered the mass delivery phase. Since 2024, we ceased purchasing new wealth management products and shifted our cash reserves primarily to negotiated bank deposits to ensure sufficient liquidity to support the increasing delivery volumes and the associated rise in operational cash demands. See Note 20 of the Accountants' Report in Appendix I to the Document.

Our investment strategy related to wealth management products aims to minimize the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs. We primarily invest in low-risk wealth management products and the proposed investment must not interfere with our daily operation and business prospects. We make investment decisions related to wealth management products on a case-by-case basis after comprehensively considering a number of factors, including but not limited to, macroeconomic environment, general market conditions and the expected profit or potential loss of the investment. Prior management team approval is required before investing in wealth management products and structured deposits.

Upon **[REDACTED]**, we intend to continue our investments, such as wealth management products and negotiated bank deposits, strictly in accordance with our internal policies and Articles of Association, and, to the extent that an investment is a notifiable transaction under Chapter 14 of the Listing Rules, We will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

Restricted Bank Balances

Our restricted bank balances primarily represent margin deposits for bank acceptance bills and letters of credit. Such restricted cash is placed with banks in the ordinary course of our procurement and settlement arrangements. Our restricted bank balances amounted to RMB200.0 million, RMB341.4

million and RMB1,249.3 million, as of December 31, 2023, 2024 and 2025, respectively. The overall increase was primarily due to the increase in the use of bank acceptance bills for payment, in line with our enlarged procurement scale.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB127.0 million, RMB313.9 million and RMB1,612.3 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuations in our cash and cash equivalents were primarily due to cash inflow from financing activities, combined with the effects from the use of cash to support operating activities and cash outflows from investing activities. For details, see "— Liquidity and Capital Resources."

Liabilities

Trade and Other Payables

Our trade and other payables primarily represent payables to suppliers and other payables in our operations. The following table sets forth our trade and other payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	23,785	438,147	1,214,305
Bill payables	—	469,088	1,658,152
Payables for acquisition of property, plant and equipment	47,974	24,590	81,920
Payable for sales commission	20,113	26,884	28,191
Salary and welfare payables	66,938	71,792	116,590
Payable due to withdrawal of government grants	3,000	—	—
Accrued interest	26	443	829
Accrued transaction costs attributable to issue of certain Investors' Shares	4,700	10,700	11,400
Advance from third parties	—	—	9,782
Other tax payables	—	2,358	4,116
Accrued expenses	15,093	25,420	41,730
Accrued **[REDACTED]** expenses	—	11,219	10,927
Other payables	14,584	12,397	16,064
Total	**196,213**	**1,093,038**	**3,194,006**

Our bill payables primarily consisted of bank acceptance bills issued to suppliers to settle procurement payments for raw materials, components and other operating purchases. During the Track Record Period, the balance of bill payables increased, which was principally attributable to the expansion of our procurement scale in line with business growth and the broader use of bank acceptance bills as part of our supplier settlement arrangements. In particular, starting from 2024, we began to increasingly utilize six-month bank acceptance bills in settling payments with suppliers, which extended the settlement cycle compared with immediate payments and resulted in a higher year-end outstanding balance.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	23,775	437,892	1,094,215
91 days to 180 days	10	—	118,203
181 days to 1 year	—	255	1,887
Total	**23,785**	**438,147**	**1,214,305**

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

	For the year ended December 31,		
	2023	2024	2025
Trade payables turnover days[(1)]	12	43	80

Note:

(1) Trade payables turnover days for the year equal the average of the beginning and ending trade and bills payables for the year divided by cost of sales for that year and multiplied by 365 days.

In 2023, 2024 and 2025, our trade payables turnover days were 12 days, 43 days and 80 days, respectively. The overall increase in our trade payables turnover days was primarily due to our negotiated longer payment terms with key suppliers as we commenced and scaled up our commercialization.

Our Directors confirm that we did not have any material defaults on payments of trade payables during the Track Record Period and up to the Latest Practicable Date.

As of March 31, 2026, RMB1,026.3 million, or 84.5% of our trade payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily arise from advances and deposits from customers. Our contract liabilities amounted to RMB10.1 million as of December 31, 2023, RMB34.8 million as of December 31, 2024 and RMB76.8 million as of December 31, 2025. The overall increase in our contract liabilities was primarily due to the increase of our sales volume.

As of March 31, 2026, RMB13.0 million, or 17.0% of our contract liabilities arising from advances and deposits received from our customers as of December 31, 2025 had been recognized as revenue.

Provisions

Our provisions are primarily related to our warranties, which were recorded as current liabilities and amounted to RMB2.3 million, RMB10.7 million and RMB36.0 million as of December 31, 2023, 2024 and 2025, respectively. Our provisions recorded as non-current liabilities amounted to RMB4.8 million, RMB27.2 million and RMB64.6 million as of December 31, 2023, 2024 and 2025, respectively. For details, see Note 26 of the Appendix I to this Document.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity were cash generated from financing activities, primarily consisting of **[REDACTED]** from issue of shares and advance from related parties. As our business develops and expands, we expect to improve our operating cash flows through increasing sales revenue of our existing commercialized new energy heavy-duty truck, launching new solutions, optimizing cost structure and improving operating efficiency.

WORKING CAPITAL

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

Our Directors have considered our working capital management and liquidity position in assessing our working capital sufficiency. Although we recorded net losses during the Track Record Period, we generated net cash from operating activities in 2025 and completed substantial financing, which strengthened our liquidity position. We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the net **[REDACTED]** we will receive from the **[REDACTED]**.

Cash Flows Analysis

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

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash (used in)/from operating activities	(714,615)	(429,627)	835,242
Net cash (used in) investing activities	(451,682)	(255,476)	(1,163,572)
Net cash from financing activities	1,180,051	871,991	1,626,827
Net increase in cash and cash equivalents	**13,754**	**186,888**	**1,298,497**
Cash and cash equivalents at beginning of the year	113,209	126,963	313,851
Cash and cash equivalents at end of the year	**126,963**	**313,851**	**1,612,348**

Net Cash (Used in)/from Operating Activities

In 2025, our net cash from operating activities was RMB835.2 million, which was primarily attributable to our loss before tax of RMB649.0 million, as adjusted by non-cash and non-operating items, which primarily comprised of (i) depreciation of property, plant and equipment of RMB64.0 million, (ii) loss on fair value change of financial liabilities at FVTPL of RMB56.9 million, (iii) finance costs of RMB26.7 million and (iv) amortisation of intangible assets of RMB22.7 million. The amount was further adjusted by movements in working capital, primarily including an increase in trade and other payables of RMB2,032.8 million; partially offset by (i) an increase in inventories of RMB421.0 million and (ii) an increase in trade and other receivables of RMB407.2 million.

In 2024, our net cash used in operating activities was RMB429.6 million, which was primarily attributable to our loss before tax of RMB675.2 million, as adjusted by non-cash and non-operating items, which primarily comprised of (i) loss on fair value change of financial liabilities at FVTPL of RMB56.3 million, (ii) depreciation of property, plant and equipment of RMB25.9 million and (iii) amortization of intangible assets of RMB20.3 million. The amount was further adjusted by movements in working capital, primarily including an increase in trade and other receivables of RMB864.8 million; offset by an increase in trade and other payables of RMB913.3 million.

In 2023, our net cash used in operating activities was RMB714.6 million, which was primarily attributable to our loss before tax of RMB389.0 million, as adjusted by non-cash and non-operating items, which primarily comprised of gain on fair value change of financial liabilities at FVTPL of RMB44.8 million. The amount was further adjusted by movements in working capital, primarily including (i) an increase in trade and other receivables of RMB284.9 million and (ii) an increase in inventories of RMB144.9 million; partially offset by an increase in trade and other payables of RMB96.9 million.

Net Cash Used in Investing Activities

In 2025, our net cash used in investing activities was RMB1,163.6 million, primarily attributable to (i) placement of pledged bank deposits of RMB2,220.5 million and (ii) purchase of property, plant and equipment of RMB225.1 million; partially offset by withdrawal of pledged bank deposits of RMB1,312.6 million.

In 2024, our net cash used in investing activities was RMB255.5 million, primarily attributable to (i) placement of pledged bank deposits of RMB341.4 million, (ii) purchase of property, plant and equipment of RMB79.2 million, (iii) purchase of intangible assets of RMB40.9 million and (iv) payments for acquisitions of leasehold land of RMB31.7 million; partially offset by (i) withdrawal of pledged bank deposits of RMB200.0 million, (ii) withdrawal of time deposits of RMB20.0 million and (iii) proceeds from disposal of financial assets at FVTPL of RMB13.5 million.

In 2023, our net cash used in investing activities was RMB451.7 million, primarily attributable to (i) placement of pledged bank deposits of RMB200.0 million, (ii) purchase of property, plant and equipment of RMB164.3 million, (iii) purchase of intangible assets of RMB71.3 million, (iv) placement of time deposits of RMB20.0 million and (v) purchase of financial assets at FVTPL of RMB10.0 million; partially offset by (i) withdrawal of time deposits of RMB10.0 million and (ii) interest received of RMB5.8 million.

Net Cash from Financing Activities

In 2025, our net cash from financing activities was RMB1,626.8 million, primarily attributable to (i) new bank borrowings raised of RMB1,212.9 million and (ii) proceeds from paid-in capital/issue of shares of RMB1,082.0 million; partially offset by repayment of bank borrowings of RMB627.1 million.

In 2024, our net cash from financing activities was RMB872.0 million, primarily attributable to (i) new bank borrowings raised of RMB680.0 million and (ii) proceeds from paid-in capital/issue of shares of RMB450.0 million; partially offset by repayment of advance from a related party of RMB203.7 million.

In 2023, our net cash from financing activities was RMB1,180.1million, primarily attributable to (i) proceeds from paid-in capital/issue of shares of RMB969.2 million and (ii) advance from related parties of RMB200.1 million; partially offset by payment of lease liabilities of RMB6.1 million.

INDEBTEDNESS

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current				
Bank borrowings	20,000	590,210	1,084,986	1,798,439
Lease liabilities	9,866	11,784	12,836	13,701
Amounts due to related parties (non-trade in nature)	173,092	56,480	7,278	7,309
Financial liabilities at FVTPL	1,389,872	1,896,218	3,035,159	3,257,572
Non-Current				
Bank borrowings	—	59,780	150,796	198,404
Lease liabilities	11,239	11,921	9,797	5,619
Amounts due to related parties (non-trade in nature)	100,035	—	—	—
Total	**1,704,104**	**2,626,393**	**4,300,852**	**5,281,044**

Bank Borrowings

Our borrowings, comprising both current and non-current portions, amounted to RMB20.0 million, RMB650.0 million, RMB1,235.8 million and RMB1,996.8 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. For the interest rate profile of our interest-bearing bank borrowings during the Track Record Period, see Note 24 to the Accountants' Report in Appendix I to this Document. As of December 31, 2023, 2024 and 2025, nil, RMB100.0 million and RMB225.0 million of our borrowings, respectively, were non-guaranteed but secured by restricted bank balances or leasehold land. We had non-guaranteed and unsecured borrowings of RMB20.0 million, RMB550.0 million and RMB1,010.8 million as of December 31, 2023, 2024 and 2025, respectively. As of March 31, 2026, we had RMB399.4 million of non-guaranteed but secured by restricted bank balances or leasehold land and RMB1,597.4 million of non-guaranteed and unsecured borrowings, respectively.

As of March 31, 2026, our committed unutilized bank facilities amounted to RMB1.8 billion.

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

Lease Liabilities

Our lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded non-current lease liabilities of RMB11.2 million, RMB11.9 million, RMB9.8 million and RMB5.6 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. We recorded current lease liabilities of RMB9.9 million, RMB11.8 million, RMB12.8 million and RMB13.7 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

Financial Liabilities at FVTPL

We recorded financial liabilities at FVTPL of RMB1,389.9 million, RMB1,896.2 million, RMB3,035.2 million and RMB3,257.6 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. For details, see Note 27 of the Appendix I to this Document.

Amounts Due to Related Parties (Non-trade in Nature)

We recorded non-current non-trade nature amounts due to related parties of RMB100.0 million, nil, nil and nil, respectively, as of December 31, 2023, 2024 and 2025 and March 31, 2026. We recorded current non-trade nature amounts due to related parties of RMB173.1 million, RMB56.5 million, RMB7.3 million and RMB7.3 million, respectively, as of December 31, 2023, 2024 and 2025 and March 31, 2026.

No Other Outstanding Indebtedness

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of March 31, 2026, being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures were RMB235.6 million, RMB151.8 million and RMB275.3 million, respectively, in 2023, 2024 and 2025, primarily attributable to capital expenditures on purchase of property, plant and equipment and intangible assets, as well as incremental leased properties. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities, our available banking facilities and **[REDACTED]** from the **[REDACTED]**. We will continue to make capital expenditures to meet the expected growth of our business. See "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**."

CONTRACTUAL OBLIGATIONS

Capital Expenditure Related Commitments

Our capital commitments are related to capital expenditure on construction of plant and buildings and acquisition of machinery and equipment to be incurred but not yet recorded as liabilities. Our capital expenditure contracted for but not yet incurred as of December 31, 2023, 2024 and 2025 was

RMB15.7 million, RMB54.0 million and RMB63.3 million, respectively. We expect to satisfy our capital commitments using cash from operations, net **[REDACTED]** to be received from the **[REDACTED]** and bank borrowings available to us.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

CONTINGENT LIABILITIES

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

RELATED PARTY TRANSACTIONS

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

The table below sets forth the Group's related party/subsidiary transactions for the years indicated.

Amount(s) Due from A Related Party/Subsidiaries

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Non-trade in nature			
Lionbridge Technology (Tianjin) Co., Ltd. . . .	10	—	—
Analysed as:			
Non-trade-related	10	—	—

Amounts Due to Related Parties/Subsidiaries

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade in nature			
Beijing Baidu Netcom Science Technology Co., Ltd.	2,387	1,202	763
Apollo Intelligent Techniques (Beijing) Co., Ltd.	319	184	—
Lionbridge Financing Leasing (China) Co., Ltd.	—	9,416	—
Tianjin Shida Logistics Co., Ltd.	—	667	—
Hebei Shiqian Network Technology Co., Ltd.	—	137	—
	2,706	11,606	763
Non-trade in nature			
Lionbridge Financing Leasing (China) Co., Ltd.	98,528	—	—
Apollo Intelligent Techniques (Beijing) Co., Ltd.	74,564	40,000	—
Lionbridge Automobile Service Co., Ltd.	—	14,626	—
Mr. Wan Jun.	—	1,854	7,278
	173,092	56,480	7,278
Non-current			
Non-trade in nature			
Lionbridge Financing Leasing (China) Co., Ltd.	100,035	—	—
Analysed as:			
Trade-related	2,706	11,606	763
Non-trade-related	273,127	56,480	7,278
	275,833	68,086	8,041

As of December 31, 2023, 2024 and 2025, we had RMB10.0 thousand, nil and nil, respectively, due from a related party, and RMB275.8 million, RMB68.1 million and RMB8.0 million due to related parties. For details, see Note 35 of the Appendix I to this Document.

The decrease in amounts due to related parties/subsidiaries was primarily because (i) the decrease in non-trade in nature due to software license fees to Apollo Intelligent Techniques (Beijing) Co., Ltd, which were paid in annual installments and fully settled in 2025 and (ii) the decrease in both current and non-current non-trade in nature to Lionbridge Financing Leasing (China) Co., Ltd. as we made repayments to the shareholders' borrowings. Such amounts were further adjusted by (i) an increase in trade in nature to Lionbridge Financing Leasing (China) Co., Ltd. in relation to incentive provided for battery leasing solutions in 2024 and (ii) an increase in non-trade in nature to Lionbridge Automobile Service Co., Ltd. in relation to certain related-party borrowings, which was fully repaid in 2025.

KEY FINANCIAL RATIOS

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

	For the year ended/As of December 31,		
	2023	2024	2025
Revenue growth *(%)*[(1)]	N/A	362.5	101.2
Gross profit margin *(%)*[(2)]	0.4	0.5	4.9
Net loss margin *(%)*[(3)]	(91.4)	(34.3)	(16.4)
Current ratio[(4)]	0.4	0.5	0.7

Note:

(1) Revenue growth is calculated using revenue for the year divided by revenue for the previous year and multiplied by 100%. We started to record revenue in 2023, and thus the calculation is not applicable for the fiscal year 2023.

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

(3) Net loss margin is calculated using loss for the year divided by revenue for the year and multiplied by 100%. Net loss margin decreased primarily due to revenue growth from expanded sales scale and improved gross margin, which together enlarged the revenue base and narrowed losses.

(4) Current ratio is calculated by dividing total current assets by total current liabilities as of the dates indicated. Current ratio increased primarily due to our improved cash position.

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

QUANTITATIVE AND QUALITATIVE RISK DISCLOSURE

Our activities expose us to a variety of financial risks, primarily the interest rate risk, credit risk, liquidity risk, and foreign currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For a detailed analysis on our financial risks, see Note 34 of the Accountants' Report in Appendix I to this Document.

DIVIDEND

During the Track Record Period, no dividends had been declared or paid by us.

As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any dividend policy or fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

Based on the mid-point **[REDACTED]** of HK$**[REDACTED]** (being the mid-point of our **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**), the total **[REDACTED]** expenses payable by our Company are estimated to be approximately HK$**[REDACTED]** (equivalent to approximately RMB**[REDACTED]**, representing **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**), assuming the **[REDACTED]** is not exercised. Such estimated total **[REDACTED]** expenses include (i) **[REDACTED]** related expenses (including, but not limited to, commissions and fees) of approximately RMB**[REDACTED]**; (ii) fees and expenses of the legal advisors and reporting accountant of approximately RMB**[REDACTED]**, and (iii) other fees and expenses of approximately RMB**[REDACTED]**, of which RMB**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss and RMB**[REDACTED]** is expected to be charged against equity upon the **[REDACTED]**.

As of December 31, 2025, we had incurred RMB**[REDACTED]** of **[REDACTED]** expenses for the **[REDACTED]**, of which RMB**[REDACTED]** was charged to our consolidated statements of profit or loss and RMB**[REDACTED]** was charged against equity. We expect to incur additional **[REDACTED]** expenses of approximately RMB**[REDACTED]**, of which approximately RMB**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss and approximately RMB**[REDACTED]** is expected to be charged against equity upon the **[REDACTED]**.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

Please refer to "Appendix II — Unaudited **[REDACTED]** Financial Information" for further details.

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.