

FINANCIAL INFORMATION

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 accompanying notes. Our consolidated financial information has been prepared in accordance with the HKFRSs, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely 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. Our actual results could differ materially from those anticipated in the forward-looking statements due to various factors, including those discussed in the sections headed “Forward-Looking Statements,” “Risk Factors” and elsewhere in this document. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this document may be due to rounding.

OVERVIEW

We are an established player in the electric drive solutions industry in China with overseas presence. We offer integrated and customized electric drive systems and solutions that power a range of application scenarios worldwide.

During the Track Record Period, our electric drive solutions have been deployed across two core segments: industrial control and NEV. Under the industrial control segment, there are various application scenarios which can be further categorized as specialized precision electric drive systems and industrial automation solutions.

We recorded a solid financial performance during the Track Record Period, with particularly strong improvement in 2024 and 2025. Our revenue increased from RMB1,242.8 million in 2023 to RMB1,624.5 million in 2025, representing a CAGR of 14.3%. While we recorded a loss for the year of RMB112.2 million, RMB177.0 million and RMB61.9 million in 2023, 2024 and 2025, respectively, our financial performance showed a significant turnaround in 2025, with losses substantially narrowing compared to 2024. Our adjusted EBITDA (a non-HKFRS measure) improved from negative RMB4.0 million and negative RMB71.5 million in 2023 and 2024, respectively, to positive RMB75.9 million in 2025. Correspondingly, our adjusted EBITDA margin (a non-HKFRS measure) improved from negative 0.3% and negative 4.8% in 2023 and 2024, respectively, to 4.7% in 2025.

BASIS OF PRESENTATION

Our Company was incorporated in the PRC as a limited liability company on November 15, 2001 and converted into a joint stock company with limited liability on December 20, 2019.

Our consolidated financial information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the consolidated financial information throughout the Track Record Period. The consolidated financial information has been prepared under the historical cost convention except for equity investments designated at fair value through other comprehensive income (“FVOCI”), debt investments at FVOCI and financial assets at fair value through profit or loss (“FVPL”) which have been measured at fair value at the end of each reporting period.

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KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which are beyond our control. We believe the following are key factors that affect our results of operations:

Industrial Policies and Growth of Electric Drive Solution Market

The demand for our products and solutions is subject to the industrial policies affecting the industry in which we operate and the end markets of our customers. Changes in the general industry conditions could affect our business and results of operations. For example, the Ministry of Industry and Information Technology in conjunction with seven other government ministries released the 14th Five-Year Plan for the Development of Intelligent Manufacturing 《“十四五”智能製造發展規劃》 in December 2021, which describes the overall path and goals of China’s intelligent manufacturing development for the next five years and strongly influences Chinese industry trends. Pursuant to such plan, industrial control equipment, such as advanced controllers and high-precision servo drive systems, among others, are included into the intelligent manufacturing equipment innovation and development action. According to CIC, the global electric drive solution market size increased from RMB292.7 billion in 2021 to RMB545.6 billion in 2025, and is expected to further grow to RMB1,091.4 billion in 2030. As a global manufacturing hub, China is also one of the major markets for global electric drive solutions. According to CIC, the electric drive solution market size in China grew from RMB113.0 billion in 2021 to RMB257.1 billion in 2025, and is expected to reach RMB485.6 billion in 2030, with a CAGR of 13.6% from 2025 to 2030.

Leveraging our strong technology capability and established experience and expertise in motion control and energy conversion, we believe that we are well-positioned to capture future market opportunities to achieve continuous growth.

Our Ability to Grow Our NEV Solutions Business and Effectively Manage the Ramp-Up Period

Built upon technologies honed in industrial control, we have strategically expanded into NEV solutions business since 2016. During the Track Record Period, we expanded the customer base and recorded an increase in sales volume for our NEV solutions business by effectively capturing the first-mover advantage and related market opportunities. In 2023, 2024 and 2025, we derived revenue from NEV solutions business of RMB374.7 million, RMB731.7 million and RMB823.4 million respectively, accounting for 30.1%, 48.8% and 50.7% of our total revenue during the same periods. Being a capital-intensive business, it requires a long-term perspective and substantial upfront investment. In addition, there are usually higher fixed cost associated with the customized development and early-stage production of NEV products for a new NEV customer and the production efficiency for same NEV customer would be improved upon later scaled-up production. Accordingly, we recorded gross loss for NEV solutions business prior to 2025. Along with its continuously operational ramp-up and large-scale sales led by expanded customer base, we achieved gross profit turnaround for NEV solutions business in 2025 primarily attributable to the greater economies of scale we enjoyed and improved utilization of our production capacity. See “— Description of Key Consolidated Statements of Profit or Loss Items — Gross Profit and Gross Margin” for more details. Our success in effectively expanding customer base and managing the ramp-up period of our NEV solutions business to bring it profitable allowed us to increase the revenue and improve the overall profitability, which further enhanced our industry position.

Additionally, according to CIC, China’s NEV electric drive solution market increased from RMB27.8 billion in 2021 to RMB131.9 billion in 2025 with a CAGR of 47.6% from 2021 to 2025 and is expected to further grow and reach RMB251.4 billion in 2030 at a CAGR of 13.8% from 2025 to 2030, driven by the increasing sales volume of NEV across end markets. The continuous growth of China’s NEV electric drive solution market provides a strong foundation for us to further grow our NEV solutions business.

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Technical Innovation and Investment in Research and Development

Being an early mover to tap into the electric drive solution industry, we have built in-depth industry knowledge and technical know-how throughout the years. We are recognized by the Ministry of Industry and Information Technology as one of the first batch of Specialized, Refined, Differential and Innovative “Little Giants” Enterprises. As of December 31, 2025, we were the registered owner of over 400 patents. Furthermore, we have participated in the formulation of five national standards and three industry standards, including GB/T 6439-2024 General Specification for AC Servo System, GB/T 44294-2024 General Specification for Electric Spindle Motors, and JB/T 14054-2021 General Specification for Permanent Magnet Brushless Torque Motors.

Our research and development costs amounted to RMB120.2 million, RMB121.2 million and RMB134.9 million in 2023, 2024 and 2025, respectively, accounting for 9.7%, 8.1% and 8.3% of our total revenue, respectively. Our significant research and development costs are primarily due to high technological demands, which are inherent in our business. High upfront investment in R&D enabled us to build our market leadership in terms of technology innovation and is expected to yield long-term results. As our business grows, we expect to benefit from our accumulated technological expertise to foster sustained innovation with heightened efficiency. In particular, our technology innovation on platform-based and modular product development and production has contributed to our cost reduction and accelerated lead time in NEV solutions business during the Track Record Period. Accordingly, we are committed to furthering our R&D efforts to remain at the forefront of industry innovation. We will continue to commit significant resources to our R&D so as to further enhance our key technologies to strengthen our competitive edges and to enhance our market position. Our future profitability and financial position depend, to a certain extent, on our R&D capability and technological advancement.

Our Ability to Grow Customer Base

The expansion of our customer base is the key driver of our business growth. Our revenue and overall profitability is largely affected by our ability to maintain existing customer cooperation and attract new customers by expanding the application scenarios for our products and solutions in order to grow our customer base.

Currently, we provide a broad product and solution portfolio to customers across various sectors and industries by focusing on three main business lines, being NEV solutions, specialized precision electric drive systems and industrial automation solutions. Despite the relatively short operating period, NEV solutions business contributed 30.1%, 48.8% and 50.7%, respectively, of our total revenue in 2023, 2024 and 2025 while a significant portion of such revenue was derived from a small number of customers. In particular, our results of operations and financial condition during the Track Record Period were affected by business with a NEV customer which experienced financial distress (“**the distressed customer**”). Our formal partnership with the distressed customer spanned from 2020 to 2024, preceded by an extensive period of preparation and validation to secure the contract. During 2020 to 2024, the credit term we extended to the distressed customer was generally three months, which was determined based on our internal credit assessment procedures, taking into account its operating scale, historical cooperation performance and industry position at the time. As of the Latest Practicable Date, we no longer maintain any ongoing business relationship with the distressed customer. Our revenue from NEV solutions business was low in 2023, primarily because the distressed customer reduced its procurement of NEV products as a result of its declined sales in the year. We maintained close communication with the distressed customer, urging them to expedite the consumption and use of ordered materials and products. Additionally, we actively implemented measures to mitigate our risk exposure, such as shortening the credit term, reducing credit limits, and transitioning some orders to payment-upon-delivery settlement. In October 2024, it was reported on the news that the distressed customer experienced certain payment delays with business partners and encountered internal operational challenge. That is when we first became aware of the impairment indicator. In the following months, operational adjustments and communication issues gradually emerged, and account receivables due from the distressed customer

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were also delinquent. Accordingly, in 2024, we individually recognized full impairment loss with respect to trade receivables of RMB104.1 million due from the distressed customer in view of the material adverse change in its business operations and its prolonged delay and inability to settle receivables. Before 2024, we did not individually recognize impairment loss with respect to the trade receivables due from the distressed customer; instead, such trade receivables were assessed on an aggregate basis together with other trade receivables and we made provisions based on the carrying amount and measured at an amount equal to the lifetime expected credit losses. This incident also led to write-down of our inventories amounting to RMB17.4 million in 2024. As a result, the aggregate impairment in trade and notes receivables as well as inventories in 2024 arising from the distressed customer amounted to RMB121.5 million. We believe the impact of this incident was one-off in nature and there was no incident similar to this incident in the course of our operations as of the Latest Practicable Date. We have been proactively expanding our customer base and diversifying our customer portfolio by offering products and solutions that keep up with our customers’ specific and evolving needs. Our continual effort has yielded favorable results. Notably, we recorded significant increase in revenue from NEV solutions business attributable to an enlarged group of customers and achieved gross profit turnaround for NEV solutions business in 2025.

By enhancing and expanding product and solution offerings, we aim to grow our customer base and pursue new business opportunities through broader geographic market coverage across additional countries and regions. See “Business — Future Strategies” for further details. Our future business growth depends significantly on our ability to expand our business with existing customers and at the same time to attract new customers.

Competition and Pricing

Our businesses operate in markets that are highly competitive, and we compete on the basis of product performance, quality, service and/or price across the industries and markets served. For a long time, foreign suppliers have dominated the electric drive solution industry in China with their first-mover and technological and production advantages. In recent years, with the continual progress and breakthroughs in domestic electric drive technology, competition has become increasingly fierce. We believe that we have enjoyed competitive advantages as a result of our technological superiority, quality of our product offerings at competitive prices, production capability, strong relationships with our customers as well as extensive sales, marketing and after-sale services network, among other factors. However, increased competition or our inability to sustain our competitive advantage could adversely affect our results of operations.

When pricing our products and solutions, we consider various factors, such as prevailing market prices and conditions, costs of production and expected margins. Our pricing directly affects our revenue, gross profit margin and results of operations.

Our Ability to Control Costs and Expenses

Our ability to control our costs and expenses efficiently is critical to the success of our business and our prospect of maintaining profitability.

Our cost of sales primarily consists of cost of raw materials, staff costs as well as depreciation and amortization. In 2023, 2024 and 2025, our cost of sales amounted to RMB1,065.7 million, RMB1,258.4 million and RMB1,352.4, respectively. The cost of raw materials, our largest cost component, accounted for 83.9%, 85.0% and 84.6% of our total cost of sales during the same periods. Therefore, we are subject to the risks of fluctuations in the price of raw materials. Changes in the availability and price of raw materials could have a significant impact on our operating costs, profit margin and results of operations. We have, and will continue to, intensify the cooperation with upstream raw material suppliers by entering into long-term procurement agreements to secure critical raw materials, which would ensure stability and continuity in our supply chain and help us to mitigate the risk of fluctuations in the price of raw materials.

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Our profit margin is also affected by our operating expenses, which consisted of research and development costs, selling and marketing expenses and administrative expenses during the Track Record Period. We incurred operating expenses of RMB292.2 million, RMB314.5 million and RMB354.1 million in 2023 and 2024 and 2025, respectively, representing 23.5%, 21.0% and 21.8% of our total revenue for the respective periods. As we continue to expand our business, we expect to continually maintain our operating expenses at reasonable levels corresponding to our growth, and, in the long term, realize greater economies of scale that further optimizes our cost structure and improves our profitability. In addition, we anticipate increasing legal, compliance, accounting, insurance as well as investor and public relations expenses associated with being a public company in Hong Kong.

Our Product and Solution Portfolio

Our overall gross margin is affected by the mix of products and solutions in our business lines, which led to considerable differences in the gross margins among our business lines. During the Track Record Period, our specialized precision electric drive systems business recorded a higher gross profit margin and our industrial automation solutions business had a moderate gross profit margin while NEV solutions business achieved a turnaround to gross profit margin position in 2025. Our results of operation may vary from period to period due to the change in the composition of our revenue from different business lines. As a result, our overall gross margin and profitability are affected by our ability to generate more revenue from the business line that offers a higher gross margin, and improve our general cost efficiency. We expect that our mix of product and solution offerings with varying gross margins and revenue contribution would continue to affect our overall gross margin.

MATERIAL ACCOUNTING POLICY INFORMATION AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Our material accounting policies, significant accounting judgments and estimates are set forth in Notes 2.3 and 3 to the Accountants’ Report included in Appendix I to this document. We prepare our consolidated financial information in accordance with HKFRSs, which requires us to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

We evaluate these estimates and assumptions based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Because the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

DESCRIPTION OF KEY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ITEMS

The following table sets forth selected consolidated statements of profit or loss items for the periods indicated, which are derived from our consolidated statements of profit or loss and other comprehensive income set out in the Accountants’ Report included in Appendix I to this document:

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)		
Revenue	1,242,819	1,500,397	1,624,520
Cost of sales	(1,065,655)	(1,258,379)	(1,352,382)

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	Year ended December 31,		
	2023	2024	2025
	(RMB'000)		
Gross profit	177,164	242,018	272,138
Other income and gains	37,310	47,587	45,504
Selling and marketing expenses	(39,410)	(48,559)	(54,593)
Administrative expenses	(132,585)	(144,825)	(164,595)
Research and development costs	(120,214)	(121,155)	(134,936)
Reversal of impairment losses/(impairment losses) on financial assets and contract assets, net	200	(102,802)	(1,185)
Finance costs	(30,594)	(24,505)	(24,221)
Other expenses	(1,623)	(25,468)	(564)
Loss before tax	(109,752)	(177,709)	(62,452)
Income tax (expense)/credit	(2,446)	755	566
Loss for the year	(112,198)	(176,954)	(61,886)
Attributable to:			
Owners of the parent	(34,279)	(163,389)	(53,866)
Non-controlling interests	(77,919)	(13,565)	(8,020)

Non-HKFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRSs, we also use EBITDA (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with, HKFRSs. Our management uses them to analyze and compare our capability of generating operating cash flow. We believe that these measures provide useful information to [REDACTED] and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. However, our presentation of EBITDA (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of non-HKFRS measures has limitations as an analytical tool, as such, they should not be considered in isolation from, or as substitute for analysis of, our consolidated statements of profit or loss or financial condition as reported under HKFRSs.

We define EBITDA (non-HKFRS measure) as loss before tax for the year adjusted by excluding interest income and adding back (i) finance costs; (ii) depreciation of property, plant and equipment; (iii) depreciation of investment properties; (iv) amortization of other intangible assets; and (v) depreciation of right-of-use assets. We define adjusted EBITDA (non-HKFRS measure) as EBITDA (non-HKFRS measure) for the year adjusted by adding back share-based payment expenses and [REDACTED] expenses. The following table shows our EBITDA (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) for the periods indicated:

	Year ended December 31, June 30,		
	2023	2024	2025
	(RMB'000, except for percentages)		
Loss before tax	(109,752)	(177,709)	(62,452)
Add:			
Finance costs	30,594	24,505	24,221
Depreciation of property, plant and equipment	62,908	70,431	84,462
Depreciation of investment properties	452	452	452
Amortization of other intangible assets	7,252	9,200	9,877
Depreciation of right-of-use assets	5,716	5,372	5,779
Less:			
Interest income	(2,099)	(4,768)	(6,606)
EBITDA (non-HKFRS measure)	(4,929)	(72,517)	55,733

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	Year ended December 31, June 30,		
	2023	2024	2025
(RMB'000, except for percentages)			
Add:			
Share-based payment expenses	917	1,012	3,407
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted EBITDA			
(non-HKFRS measure)	<u>(4,012)</u>	<u>(71,505)</u>	<u>75,890</u>
Adjusted EBITDA margin			
(non-HKFRS measure)⁽¹⁾	<u>(0.3)%</u>	<u>(4.8)%</u>	<u>4.7%</u>

Note:

- (1) Adjusted EBITDA margin (non-HKFRS measure) equals adjusted EBITDA (non-HKFRS measure) divided by revenue and multiplied by 100%.

The adjusted items for our non-HKFRS measure generally are non-cash items. Specifically, share-based payment expenses represent non-cash amortized stock incentive cost incurred in connection with our award to management and key employees. Such amortization in any specific period are not expected to result in future cash payments. In addition, we have also adjusted for [REDACTED] expenses, as such expenses are non-recurring in nature.

Revenue

Revenue by Nature

We offer integrated and customized electric drive systems and solutions. During the Track Record Period, substantially all of our revenue was generated from sales of products, comprising (i) industrial control products, mainly including controllers, servo drives and servo motors; and (ii) NEV products, including NEV powertrains and components. We also generated a small portion of our revenue from the provision of services, comprising (i) maintenance services, representing the after-sales repair and maintenance services for our products and solutions; and (ii) R&D services, representing the development of customized molds for NEV customers as well as other specialized development and design services for industrial customers.

The following table sets forth a breakdown of our revenue by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
(RMB'000, except for percentages)						
Sales of products	1,197,777	96.4	1,444,876	96.3	1,541,313	94.9
Service income	27,610	2.2	35,299	2.4	54,150	3.3
Others ⁽¹⁾	17,432	1.4	20,222	1.3	29,057	1.8
Total	<u>1,242,819</u>	<u>100.0</u>	<u>1,500,397</u>	<u>100.0</u>	<u>1,624,520</u>	<u>100.0</u>

Note:

- (1) Others comprise primarily the sales of scrap materials, disposal of slow-moving and obsolete stocks, as well as rental income generated from leasing of the idle office space located in Ningbo Hi-Tech Zone.

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Revenue by Business Line

Our electric drive systems and solutions, serving as an essential element of motion control and energy conversion in machines, are widely applied across various sectors and industries. During the Track Record Period, we primarily generated revenue from three main business lines, being NEV solutions, specialized precision electric drive systems and industrial automation solutions.

The following table sets forth a breakdown of our revenue by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
NEV solutions	374,704	30.1	731,719	48.8	823,414	50.7
Specialized precision electric drive systems	549,463	44.2	482,795	32.2	509,944	31.4
Industrial automation solutions	276,515	22.2	241,420	16.1	238,578	14.7
Others ⁽¹⁾	42,137	3.5	44,463	2.9	52,584	3.2
Total	1,242,819	100.0	1,500,397	100.0	1,624,520	100.0

Note:

- (1) Others primarily comprise the after-sales repair and maintenance services, sales of scrap materials, disposal of slow-moving and obsolete stocks, as well as rental income generated from leasing of the idle office space located in Ningbo Hi-Tech Zone.

The following table sets forth the sales volume and average selling prices for our three main business lines for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(sets in thousand)	(RMB)	(sets in thousand)	(RMB)	(sets in thousand)	(RMB)
NEV solutions	62.1	6,036	143.3	5,105	201.6	4,085
Specialized precision electric drive systems	59.5	9,230	52.8	9,144	61.6	8,281
Industrial automation solutions	48.4	5,716	45.5	5,301	45.2	5,278

Note:

- * Average selling price equals revenue of the respective business lines for the period divided by the total sales volume during the same period. As we have a broad and diversified system and solution portfolio with different product specifications, complexity and prices, our average selling price could vary significantly across product types, customers, business lines and periods.

Revenue by Geographic Region

During the Track Record Period, we generated revenue from both domestic and overseas markets, including mainly Italy, Belgium, the United States and South Korea. The Chinese Mainland was our major market, accounting for 75.2%, 81.2% and 82.6% of our total revenue in 2023, 2024 and 2025, respectively.

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The following table sets forth a breakdown of our revenue by geographic region based on locations of customers for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
(RMB'000, except for percentages)						
Chinese Mainland	934,631	75.2	1,217,906	81.2	1,340,996	82.6
Italy	133,125	10.7	107,514	7.2	139,667	8.6
Europe (excluding Italy) ⁽¹⁾	88,628	7.1	93,180	6.2	76,573	4.7
United States	58,749	4.7	46,857	3.1	35,377	2.2
South Korea	12,179	1.0	14,757	1.0	16,838	1.0
Other countries and regions ⁽²⁾	15,507	1.3	20,183	1.3	15,069	0.9
Total	1,242,819	100.0	1,500,397	100.0	1,624,520	100.0

Notes:

(1) Include mainly Belgium, Austria, Germany and the Netherlands.

(2) Include mainly India and Israel.

Cost of Sales

During the Track Record Period, our cost of sales consisted of (i) cost of raw materials; (ii) staff costs, mainly consisting of the salaries, bonuses and other employee benefits of our production staff; (iii) depreciation and amortization, representing mainly the depreciation of plants and equipment, and the amortization of long-term deferred expenses for renovations and expansions; and (iv) others including primarily utilities, transportation costs and warranty costs.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
(RMB'000, except for percentages)						
Cost of raw materials	894,327	83.9	1,069,651	85.0	1,144,543	84.6
Staff costs	73,309	6.9	72,888	5.8	73,913	5.5
Depreciation and amortization	43,812	4.1	51,654	4.1	61,682	4.6
Others ⁽¹⁾	54,207	5.1	64,186	5.1	72,244	5.3
Total	1,065,655	100.0	1,258,379	100.0	1,352,382	100.0
<i>As % of total revenue</i>		85.7		83.9		83.2

Note:

(1) Others include primarily utilities, transportation costs, and warranty costs.

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Gross Profit and Gross Margin

Gross Profit and Gross Margin by Business Line

Our gross profit represents our revenue less cost of sales. Our overall profitability varies due to the mix of business lines, as the gross margin of our each business line differs considerably. The two business lines targeting the industrial control sector, namely the specialized precision electric drive systems and the industrial automation solutions, with an aggregate revenue contribution to our Group of approximately 66.4%, 48.3% and 46.1%, respectively, in 2023, 2024 and 2025, contributed gross profit to our Group for the same periods. The NEV solutions business, with a revenue contribution to our Group of approximately 30.1%, 48.8% and 50.7% during the Track Record Period, recorded gross loss in 2023 and 2024 and achieved gross profit turnaround in 2025.

Our gross loss position of the NEV solutions business was largely attributable to its relatively small scale amid intense competition. In 2023, our revenue from the NEV solutions business was only RMB374.7 million with a sales volume of 62.1 thousand sets of powertrains products. Low production volumes prevent us from achieving economies of scale and limit our leverage in supplier negotiations, which ultimately squeezes our gross margin and results in our gross loss. We have been actively implementing various measures to improve our performance in the NEV solutions business, including (i) continuous product design optimization and iteration. We are committed to continuous product iteration, with an emphasis towards lightweight and integrated designs. This not only enhance product performance and appeal but also reduces material usage and production complexity; (ii) proactive supply chain management. We are implementing strategic improvements from the source, working closely with suppliers to enhance cost efficiency and ensure timely and stable supplies; and (iii) customer base expansion and economies of scale. By actively growing our customer portfolio and securing more orders, we are increasing production volumes, spreading fixed costs such as amortization and depreciation over more units, and improving overall profitability. Notably, all our initiatives and measures will remain susceptible to raw material price volatility which may impact the expected financial improvements. In 2025, our NEV solutions business sold 201.6 thousand sets of powertrains products and generated revenue of RMB823.4 million, representing a revenue increase at a CAGR of 48.2% from 2023 to 2025. With the increased economies of scale, our NEV solutions business achieved gross profit turnaround in 2025.

The following table sets forth a breakdown of our gross profit and gross margin by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit/(Loss)	Gross Margin	Gross Profit/(Loss)	Gross Margin	Gross Profit/(Loss)	Gross Margin
(RMB'000, except for percentages)						
NEV solutions	(77,857)	(20.8)%	(7,820)	(1.1)%	7,642	0.9%
Specialized precision electric drive systems	190,686	34.7%	183,042	37.9%	198,454	38.8%
Industrial automation solutions	36,589	13.2%	37,459	15.5%	33,140	14.0%
Others ⁽¹⁾	27,746	65.8%	29,337	66.0%	32,902	62.6%
Total	177,164	14.3%	242,018	16.1%	272,138	16.8%

Note:

- (1) Others primarily comprise the after-sales repair and maintenance services, sales of scrap materials, disposal of slow-moving and obsolete stocks as well as rental income generated from leasing of the idle office space located in Ningbo Hi-Tech Zone.

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Gross Profit and Gross Margin by Geographic Region

The table below set forth a breakdown of our gross profit and gross margin by geographic region based on locations of customers for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
(RMB'000, except for percentages)						
Chinese Mainland	60,674	6.5%	132,641	10.9%	161,857	12.1%
Italy	54,473	40.9%	48,235	44.9%	60,631	43.4%
Europe (excluding Italy) ⁽¹⁾	29,239	33.0%	29,829	32.0%	24,794	32.4%
United States	25,164	42.8%	20,473	43.7%	15,090	42.7%
South Korea	2,504	20.6%	3,813	25.8%	4,448	26.4%
Other countries and regions ⁽²⁾	5,110	33.0%	7,027	34.8%	5,318	35.3%
Total	177,164	14.3%	242,018	16.1%	272,138	16.8%

Notes:

- (1) Include mainly Belgium, Austria, Germany and the Netherlands.
- (2) Include mainly India and Israel.

Our gross profit in the Chinese Mainland increased throughout the Track Record Period. Specifically, it increased from RMB60.7 million in 2023 to RMB132.6 million in 2024, primarily due to the reduction in gross loss in our NEV solutions business; and further increased to RMB161.9 million in 2025, mainly attributable to the gross profit turnaround in NEV solutions business. During the Track Record Period, our gross margin in the Chinese Mainland was comparatively lower than that in overseas markets, primarily due to the gross loss position and lower profitability of our NEV solutions business at its early stage, which derived all of its revenue from the Chinese Mainland. Despite these challenges, our gross margin in the Chinese Mainland increased from 6.5% in 2023 to 10.9% in 2024, and further to 12.1% in 2025. This improvement was mainly driven by (i) the ramp-up of our NEV solutions business, which achieved a turnaround to gross profit margin position in 2025; and (ii) continued growth in gross margin of our industrial control segment in domestic market.

Our gross profit in overseas markets decreased by RMB7.1 million, or 6.1%, from RMB116.5 million in 2023 to RMB109.4 million in 2024, primarily driven by changes in gross profit in Italy and the United States. In 2025, our gross profit in overseas markets remained relatively stable at RMB110.3 million. Our gross margin in overseas markets increased from 37.8% in 2023 to 38.7% in 2024 and further to 38.9% in 2025, primarily attributable to the increase in RMB-denominated revenue from Euro-settled sales following the overall appreciation of the Euro against the RMB since 2023. Within our overseas markets, gross margins in Europe (excluding Italy) and South Korea were relatively lower, mainly because (i) the commercially negotiated terms for our sales in Belgium, which contributed a significant portion of our revenue from Europe (excluding Italy) during the Track Record Period, were less favorable to us, due to our customer’s significant scale and market position in the air-compressor industry, and (ii) we derived a significant portion of our revenue in South Korea from the injection molding machine sector, a highly competitive global market characterized by intense price competition.

Other Income and Gains

During the Track Record Period, our other income and gains primarily consisted of (i) government grants, representing mainly various types of financial subsidies from the PRC government authorities as the support and incentives for our technical renovation, technological innovation and business operations, which were non-recurring in nature and usually subject to the satisfaction of certain conditions; (ii) interest income, representing primarily the settlement

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discounts offered by suppliers and interest income on our bank deposits; (iii) investment income and fair value gains from financial assets at FVPL, mainly in relation to wealth management products and unlisted equity investments. We purchased wealth management products issued by commercial banks in the Chinese Mainland and held unlisted equity investments during the Track Record Period. See “— Discussion of Selected Items from Consolidated Statements of Financial Position — Financial Assets at FVPL” for more details about these investments; and (iv) net foreign exchange gains, representing the gains from the fluctuations in exchange rates mainly between EUR and USD relative to RMB.

The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB'000, except for percentages)</i>						
Other income						
Government grants	20,485	54.9	28,060	59.0	31,647	69.5
Interest income	2,099	5.6	4,768	10.0	6,606	14.5
Investment income from financial assets at FVPL	762	2.1	7,667	16.1	264	0.6
Dividend income from equity investment at FVOCI	1,680	4.5	—	—	—	—
Total other income	25,026	67.1	40,495	85.1	38,517	84.6
Gains						
Foreign exchange gains, net	2,948	7.9	1,852	3.9	1,244	2.7
Fair value gains on financial assets at FVPL	7,719	20.7	4,732	9.9	4,804	10.6
Gain on disposal of items of property, plant and equipment, net	52	0.1	—	—	—	—
Termination of leases, net	—	—	—	—	213	0.5
Others ⁽¹⁾	1,565	4.2	508	1.1	726	1.6
Total gains	12,284	32.9	7,092	14.9	6,987	15.4
Total other income and gains	37,310	100.0	47,587	100.0	45,504	100.0
<i>As % of total revenue</i>		3.0		3.2		2.8

Note:

(1) Others primarily comprise miscellaneous non-operating income.

Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses consisted primarily of (i) staff costs including the salaries, bonuses and other employees’ benefits for our sales and marketing staff; (ii) marketing and promotion expenses; (iii) office and travel expenses; and (iv) professional service fees, representing service fees paid to third-party service providers mainly for market consulting services. The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB'000, except for percentages)</i>						
Staff costs	25,563	64.9	32,209	66.3	34,157	62.6
Marketing and promotion expenses	5,330	13.5	5,545	11.4	10,576	19.4
Office and travel expenses	4,315	10.9	5,380	11.1	6,481	11.9

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	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB'000, except for percentages)</i>						
Professional service fees	1,552	3.9	2,052	4.2	325	0.6
Depreciation and amortization	726	1.9	1,006	2.1	1,307	2.4
Share-based payment expenses ⁽¹⁾	(168)	(0.4)	135	0.3	786	1.4
Others ⁽²⁾	2,092	5.3	2,232	4.6	961	1.7
Total	39,410	100.0	48,559	100.0	54,593	100.0
<i>As % of total revenue</i>		3.2		3.2		3.4

Notes:

- (1) The share-based payment expenses represent share-based incentive we paid to our key sales and marketing personnel under our [REDACTED] Equity Incentive Scheme and [REDACTED] Share Option Scheme adopted in June 2017 and August 2025, respectively. We recorded reversal of share-based payment expenses of RMB168 thousand in 2023, due to (i) the reversal of share-based awards to departed employees of which our expenses had been recognized in previous periods; and (ii) the reversal of certain expenses for the extension of estimated vesting period.
- (2) Others primarily comprise sales commissions, freight and other miscellaneous expenses.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs including the salaries, bonuses and other employees’ benefits for our management and supporting staff; (ii) office expenses; (iii) depreciation and amortization; (iv) professional service fees, representing service fees paid to third-party service providers in connection with consulting services in the ordinary course of business and A-share listing attempts; (v) taxes and surcharges; and (vi) travel and business activities expenses. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB'000, except for percentages)</i>						
Staff costs	60,463	45.6	62,652	43.3	63,235	38.3
Office expenses	17,487	13.2	18,336	12.7	17,973	10.9
Depreciation and amortization	15,411	11.6	16,130	11.1	19,579	11.8
Professional service fees	9,251	7.0	15,910	11.0	6,829	4.1
Taxes and surcharges	13,091	9.9	12,394	8.5	14,524	8.8
Travel and business activities expenses	9,060	6.8	11,104	7.7	14,962	9.1
Share-based payment expenses	1,484	1.1	654	0.4	1,190	1.1
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others ⁽¹⁾	6,338	4.8	7,645	5.3	9,553	5.8
Total	132,585	100.0	144,825	100.0	164,595	100.0
<i>As % of total revenue</i>		10.7		9.7		10.1

Note:

- (1) Others primarily comprise training expenses, property insurance premiums and conference expenses.

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Research and Development Costs

During the Track Record Period, our research and development costs consisted primarily of (i) staff costs including the salaries, bonuses and other employees’ benefits for our R&D staff; (ii) depreciation and amortization; (iii) R&D supplies involved in our R&D activities; and (iv) professional service fees, representing service fees paid to third-party service providers mainly for product design services and testing services. The following table sets forth a breakdown of our research and development costs for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Staff costs	80,960	67.3	85,341	70.4	89,237	65.9
Depreciation and amortization	16,023	13.3	16,443	13.6	17,523	12.9
R&D supplies	12,787	10.7	6,034	5.0	13,334	9.9
Professional service fees.	3,163	2.6	3,754	3.1	3,577	2.6
Share-based payment expenses	(398)	(0.3)	223	0.2	999	1.1
Others ⁽¹⁾	7,679	6.4	9,360	7.7	10,266	7.6
Total	120,214	100.0	121,155	100.0	134,936	100.0
<i>As % of total revenue</i>		9.7		8.1		8.3

Note:

(1) Others primarily comprise travel expenses, utilities and other miscellaneous expenses.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets and Contract Assets, Net

During the Track Record Period, our impairment losses on financial assets and contract assets included mainly the allowance for ECLs on trade and notes receivables in the ordinary course of business. We use a provision matrix to calculate ECLs for trade and notes receivables. See Note 22 to the Accountants’ Report included in Appendix I to this document for further details.

Finance Costs

During the Track Record Period, our finance costs mainly consisted of interest on bank and other borrowings. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)		
Interest on:			
Bank and other borrowings	32,731	29,802	32,956
Lease liabilities	386	468	431
Others.	—	—	—
Less:			
Interest capitalized.	(2,523)	(5,765)	(9,166)
Total	30,594	24,505	24,221
<i>As % of total revenue</i>	2.5	1.6	1.5

Other Expenses

During the Track Record Period, our other expenses primarily represented non-operating expenses, including fair value loss from financial assets at FVPL, losses from the damage or disposal of non-current assets and donation expenditures. In 2023, 2024 and 2025, our other

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expenses amounted to RMB1.6 million, RMB25.5 million and RMB0.6 million, respectively, representing 0.1%, 1.7% and 0.03% of our revenue, respectively. The higher amount in 2024 was mainly due to the fair value loss of RMB18.7 million for our equity investment in an unlisted company measured at FVPL.

Income Tax (Expenses)/Credit

The following table sets forth a breakdown of our income tax expenses/credit for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)		
Current tax expense	4,292	1,566	2,349
Deferred income tax	(1,846)	(2,321)	(2,915)
Total	2,446	(755)	(566)

Our effective income tax rate, calculated by dividing income tax by loss before tax, expressed as a percentage, was 2.2%, negative 0.4% and negative 0.9% in 2023, 2024 and 2025, respectively. Our effective income tax rate in each period was lower than our statutory EIT rate and fluctuated between positive tax rate and negative tax rate, primarily because we recorded loss before tax during the Track Record Period, and the notional tax on our loss before tax was partially offset by the combined tax effects of (i) deductible temporary difference and tax losses not recognized; (ii) additional deductible allowance for qualified research and development expenses; and (iii) preferential income tax rates enacted by local authorities.

We are subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. We are subject to various rates of income tax under different jurisdictions. See Note 10 to the Accountants’ Report included in Appendix I to this document for details. As of the Latest Practicable Date, we did not have any dispute with any tax authority.

Loss for the Year and Net Margin

As a result of the foregoing, we recorded a loss of RMB112.2 million, RMB177.0 million and RMB61.9 million in 2023, 2024 and 2025, respectively. Net margin represents loss for the year divided by revenue, expressed as a percentage. In 2023, 2024 and 2025, our net margin was negative 9.0%, negative 11.8% and negative 3.8%, respectively.

PATH TO NET PROFITABILITY

As a major electric drive solution provider in China with overseas presence, we had achieved business growth but were loss-making during the Track Record Period. The following table sets forth certain financial data for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB'000, except for percentages)		
Revenue	1,242,819	1,500,397	1,624,520
Cost of sales	(1,065,655)	(1,258,379)	(1,352,382)
Gross profit	177,164	242,018	272,138
Gross margin	14.3%	16.1%	16.8%
Operating expenses	(292,209)	(314,539)	(354,124)
Reversal of impairment losses/(impairment losses) on financial assets and contract assets, net	200	(102,802)	(1,185)
Net loss	(112,198)	(176,954)	(61,886)
Net loss margin	(9.0)%	(11.8)%	(3.8)%

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Our loss was RMB112.2 million, RMB177.0 million and RMB61.9 million, respectively, in 2023, 2024 and 2025. See “— Reasons for Historical Loss” for the detailed analysis.

Furthermore, we had net cash outflow from operating activities of RMB130.1 million in 2024. We believe that such short-term net operating cash outflow shall not have continuous material impact on our working capital in the long run. We expect to improve our net operating cash outflow position through, among others, revenue growth and additional cash flow to be generated from growing our business scale and expanding our customer base. See “— Liquidity and Capital Resources — Cash Flows” and “— Working Capital Sufficiency” for more details.

Our net current liability position as of December 31, 2023, 2024 and 2025, respectively are further discussed in “— Liquidity and Capital Resources — Net Current Liabilities.” Also see “Risk Factors — Risks Relating to Our Business and Industries — We have incurred net losses, net operating cash outflow and net current liabilities in the past and may not be able to achieve or maintain profitability, net operating cash inflow or net current assets in the foreseeable future.”

Reasons for Historical Loss

We offer a broad portfolio of electric drive systems and solutions by strategically planning and developing a business layout spanning (i) NEV solutions business which we expanded into in 2016 and are dedicated to demands from NEV customers; (ii) specialized precision electric drive systems business targeting various application scenarios with demanding requirements for motion control accuracy and performance; and (iii) industrial automation solutions business serving application scenarios where high efficiency and reliability of electric drive systems and solutions are critical. Such strategic business layout enables more strategic and targeted business growth and development.

During the Track Record Period, our overall gross profit margin continued to increase from 14.3% in 2023 to 16.1% in 2024, and further to 16.8% in 2025. Yet, we incurred net losses of RMB112.2 million, RMB177.0 million and RMB61.9 million, respectively, in 2023, 2024 and 2025. Our net loss position during the Track Record Period was primarily due to the following reasons:

Continuous and strategic investment in the NEV solutions business

During the Track Record Period, we recorded gross profit and positive gross profit margins for our specialized precision electric drive systems business and industrial automation solutions business, which are our traditional business since inception. Meanwhile, our NEV solutions business recorded gross loss and negative gross profit margin in 2023 and 2024, and recorded gross profit in 2025. We strategically expanded into NEV solutions business in 2016, in recognition of the transformative potential of the NEV sector and aiming to position ourselves as an early mover in this emerging market. However, at the early stage of the development of the NEV sector, it is characterized by thin, and often negative, profit margins. The necessity for continuous and substantial resource allocation to R&D, production scaling, and talent acquisition inevitably resulted in financial losses during this foundational period. Specifically —

- *Substantial pre-contracted R&D investment.* Securing a formal design-win mandate requires significant upfront expenditure, including both manpower and resource commitments. Suppliers like us must undertake detailed design, prototyping, and validation testing to meet exacting NEV OEM specifications, a process often spanning 12 months. These investments represent sunk costs with no guaranteed return.
- *Continued design iterations as a cost driver.* The early-stage NEV platforms exhibited a high degree of fluidity, driven by rapid technological shifts and evolving market demands. For instance, the transition from round-wire to flat-wire motor winding technology represented a significant upgrade in electric vehicle motor design. In response, we re-invested in this technological evolution, including upgrading production

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lines, to align with industry trends. At the same time, NEV development cycles have been shortening, with OEMs demanding not only higher-performing NEV powertrains but also faster development timelines. To reduce design costs and accelerate development, we adopted a platform-based development approach, creating multiple new platforms with different dimensions, each requiring substantial investment in human and material resources before they could become operational.

- *Aggressive competitive bidding.* NEV OEM procurement processes exert intense downward pressure on pricing. To be considered for a program, for a period of time, we had to submit bids at or near cost, anticipating future profitability through volume scaling and manufacturing efficiencies.
- *Program-specific capital commitment.* A successful design-win necessitates investment in dedicated production tooling and assembly lines. The profitability of this capital is entirely contingent on the commercial success of the vehicle platform. Low sales volumes directly result in high per-unit cost burdens due to poor asset utilization.
- *Unfavorable commercial terms.* Prolonged payment cycle was not unusual for our NEV solutions business. Though we typically grant credit terms of only 30 to 90 days to our NEV solutions customers, our NEV solutions customers may use bank acceptance notes due in 180 days to settle their payment, which effectively extends the payment cycle. This imposes a significant working capital burden and negatively impacts cash flow. In 2025, we have tightened our credit policy for customers to improve our cash flow, such as shortening our credit term granted to certain customers, and bringing forward the settlement date.

Customer concentration and a one-off significant impairment loss on financial assets and contract assets

At an early stage of our NEV solutions business, our NEV customer base was highly concentrated. For example, in 2023, our largest NEV customer contributed 23.6% of our total revenue. As a result, before we effectively expanded our NEV customer base, our financial performance was heavily affected by the performance of our largest NEV customer. On the one hand, as we have heavily invested in dedicated production tooling and assembly lines for our largest NEV customer, the profitability of this capital is entirely contingent on the commercial success of the largest NEV customer. Low sales volumes directly result in high per-unit cost burdens due to poor asset utilization. On the other hand, underperformance of a large NEV customer can render associated investments non-performing. In 2024, we individually recognized full impairment loss with respect to trade receivables of RMB104.1 million due from such NEV customer in view of material adverse change in its business operations and its prolonged delay and inability to settle receivables. As a result, despite our improvement in the overall gross profit from RMB177.2 million in 2023 to RMB242.0 million in 2024, with an increase of 36.6%, our net loss expanded by 57.7% from RMB112.2 million in 2023 to RMB177.0 million in 2024. Excluding the impact from such a non-recurring item, our financial performance improved in 2025, with net loss decreasing by 65.0% compared to 2024.

Business Sustainability and Path to Net Profitability

We expect to further improve our financial performance and achieve profitability with the plans set forth below. These will allow us to increase our revenue and manage our cost and expenses to reach profitability and positive operating cashflows. Importantly, we have moved past the phase of significant upfront investment and entered a more stable operational stage. This shift enables us to leverage our prior capital expenditures and infrastructure investments to drive efficiency and transition firmly into a profit-generating phase. Based on our current business plan, order backlog, capacity utilization and cost structure, we expect to record net profit for the year ending December 31, 2026.

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Driving Continuous Revenue Growth

During the Track Record Period, our revenue increased from RMB1,242.8 million in 2023 to RMB1,624.5 million in 2025, with a CAGR of 14.3%. We expect to further increase our revenue through implementation of the following business initiatives and strategies:

- *Further grow our NEV solutions business.* According to CIC, China’s NEV electric drive solutions market is expected to grow and reach RMB251.4 billion in 2030 with a CAGR of 13.8% from 2025 to 2030, driven by the booming NEV sector. The continuous growth of China’s NEV electric drive solutions market provides a strong foundation for us to further grow our NEV solutions business. While the continued expansion of China’s NEV electric drive solutions market provides a favorable industry backdrop, we believe the growth, profitability and sustainability of our NEV solutions business are primarily driven by our internal capabilities rather than solely by overall market growth. We achieved a gross profit turnaround for our NEV solutions business in 2025, mainly as a result of the ramp-up of secured design-win projects into mass production, improved economies of scale from higher production volumes, and ongoing optimization of product design and manufacturing processes. As of the Latest Practicable Date, we have secured 22 design-win projects from 14 commercial vehicle OEMs and tier-1 suppliers, with 13 projects already reaching mass production; we have also secured 32 design-win projects from 13 passenger vehicle OEMs and tier-1 suppliers, with 23 projects already reaching mass production. This has demonstrated our ability to continuously expand our customer base and generate recurring orders and stable revenue over the respective product life cycles of these projects. To prepare ourselves for the increased customer demands, we have established three production facilities and are in the process of constructing three additional production facilities in strategic locations of China. See “Business — Production — Production Facilities” for details. In 2025, the overall utilization rate of our production facilities for the production of powertrains for NEV segment reached 71.6%. Going forward, we plan to further enhance production efficiency and expand our NEV production capacity in a disciplined and phased manner, including through capacity expansion funded by the [REDACTED] from the [REDACTED], in order to meet anticipated demand growth while maintaining cost efficiency. Along with the continued execution of these initiatives, we expect our NEV solutions business to further increase revenue and gross profit in a sustainable manner.
- *Continue to explore new application scenarios for specialized precision electric drive systems business.* As one of the few players capable of delivering integrated electric drive systems and solutions encompassing the control layer, drive layer and execution layer, we have proven track record across various application scenarios. Leveraging our established market position, our distinguished ability to understand and implement our customized product development, and our production capabilities, we plan to continue to strengthen our position or explore new opportunities in the following major application scenarios: (i) CNC machine tools. Recognized as the “mother machines” of industry, CNC machine tools are critical for manufacturing virtually all other machinery and equipment, granting them immense and sustained market potential. However, this application scenario characterized by exceptionally high technological barriers, including precision mechanics, advanced servo controls, and sophisticated software integration. These complexities have historically led to dominance by established international leaders from Germany, Japan and Switzerland. By leveraging our in-house, top-tier technological capabilities in precision motion control and system integration, we are committed to providing products with comparable quality to enable high-end domestic substitution. We plan to adopt a three-fold strategy: In the short term, we will continue to strengthen our core motor technology, solidifying our competitive edge through innovation. In the mid-term, we will further enhance our overall capabilities in the controller system, which will allow us to capture a greater share of the higher value added segments, thereby enhancing our profitability. In the medium to long term, we plan to enhance our capability to provide full turnkey solutions, by expanding our offering to include integrated electrical cabinet solutions, while continuously iterating to

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deliver ever-better performance at an optimal cost. (ii) Mining equipment and oil drilling. Mining equipment and oil drilling can be characterized as high unit value and substantial project volumes, which offer a clear pathway to significant near-term revenue expansion. We have developed products and solutions suitable for these application scenarios. For example, we designed and manufactured the 9-km top drive drilling system, recognized as the “first-of-its-kind” in China. We are also constructing our new production facility in Beilun, Ningbo, which is expected to commence operations in 2026 and will focus on the production of large scale electric drive products suitable for these application scenarios. We have also engaged in customized collaborations with key clients, having largely completed and validated the series development of top drives and mud pumps. Furthermore, we plan to jointly participate in industry exhibitions with customers in 2026 to promote water-cooled permanent magnet direct drive motors together. (iii) Medical electronics. Medical electronics demand an exceptionally high level of precision in motion control and system reliability, which aligns with our core technological strengths. This strategic synergy makes it a key growth priority for us, and we are dedicated to developing tailored solutions that meet the stringent standards of this high-value application scenario. For example, in 2026, we plan to initiate a more systematic development of integrated products, combining permanent magnet direct drive motors, bearings, encoders and drives, with a focused business promotion strategy targeting key customers and their core product lines.

- *Sustain steady growth for industrial automation solutions business.* With our roots in servo motors from the establishment of our Group, industrial automation is a key business area for us. We are committed to delivering industry-leading electric drive products and solutions to support our customers in increasing productivity and efficiency and drive the digital transformation forward. In recent years, our industrial automation solutions business operated in a highly competitive market. Amid challenging market conditions and adapting to changes in market demand, we proactively selected to strategically focus on the business with higher profit margins with an aim to optimize the business structure and improve the overall profitability of our industrial automation solutions business. We have formulated detailed client analysis and targeted business development plans, with a sharp focus on the premium product lines of key customers, where we identify the highest profitability. The strategy is to secure these pivotal accounts first, using them as springboards to expand our presence and capture the broader associated client base. Looking ahead, the sustained steady growth is achievable for our industrial automation solutions business in light of (i) our industry position and established market share in this area; and (ii) the government support policies aiming to create a favorable environment for the industry development.

Continuous Efforts to Control Cost of Sales and Operating Expenses

Our ability to effectively control our cost of sales and operating expenses while achieving expected business growth is critical to our profitability.

Costs of Sales

In 2023, 2024 and 2025, our cost of sales was RMB1,065.7 million, RMB1,258.4 million and RMB1,352.4 million, respectively. The major components of our cost of sales comprise cost of raw materials, staff costs as well as depreciation and amortization expenses, representing in aggregate 94.9%, 94.9% and 94.7% of our total cost of sales in 2023, 2024 and 2025, respectively. We have adopted various measures to enhance the cost-efficiency of our operation, including, among others:

- *Product design innovation.* We are committed to continuous product iteration, with an emphasis towards lightweight and integrated designs. This not only enhance product performance and appeal but also reduces material usage and production complexity.

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- *Production capacity expansion and process optimization.* The expansion in our production capacity during the Track Record Period enabled us to effectively respond to the increasing market demand and scale up our business. For example, supported by our expanded production capacity for NEV segment, the sales volume of our NEV products increased from 62.1 thousand sets in 2023 to 201.6 thousand sets in 2025. The overall utilization rate of our production facilities for the production of powertrains for NEV segment reached 71.6% in 2025, compared to an utilization rate of 40.0% in 2023. Such improvement in utilization rates signaled an improved economies of scale and contributed the gross profit margin turnaround of our NEV solutions business. Capitalizing on our R&D and strong in-house production capabilities, we plan to further optimize the production process in our facilities through advanced, intelligent and automated production as well as energy-saving measures to reduce production costs and staff costs. For example, our Ganzhou facility, a highly automated facility commenced operation in 2024. The level of automation within our production facilities is expected to further increase with the introduction of more high-performance automation equipment.
- *Efficient supply chain management.* In line with the industry trends, raw material cost is our largest cost component during the Track Record Period. In 2023, 2024 and 2025, cost of raw materials accounted for 83.9%, 85.0% and 84.6%, respectively, of our total cost of sales. We deploy a hybrid procurement model that dynamically balances order-driven requirements with safety stock buffers, managed through a centralized procurement platform overseeing procurement needs of the entire Group. Such centralized procurement capabilities can streamline procurement practices and establish strong bargaining power, allowing us to procure raw materials at optimal prices without compromising the quality. Additionally, we secure critical raw materials for production through negotiation and entering into long-term procurement agreements with suppliers. Looking ahead, we also seek to enhance our bargaining power in raw materials purchases by leveraging increasing economies of scale brought by the growth of sales volume.

Additionally, we incurred increased depreciation and amortization expenses relating to the equipment and properties used for production facilities during the Track Record Period, however, we believe such expenses, as a percentage of our revenue, will decline in the long-term. Through our continuous efforts in centralized procurement, product design innovation and production process optimization, we expect to further control our cost of sales and manage to decrease the cost of sales as a percentage of our total revenue, contributing to the increase in our profit margins.

Operating Expenses

Our operating expenses comprise research and development costs as well as administrative expenses and, to a less extent, selling and marketing expenses. In 2023, 2024 and 2025, our operating expenses as a percentage of revenue was 23.5%, 21.0% and 21.8%, respectively. We believe our operating expenses have and will continue to be measurable and controllable and spent in accordance with our strategies for the continued success. Furthermore, we intend to optimize our operating expenses by achieving increasing economies of scale and cost-efficiency as our business continues to grow.

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PERIOD-ON-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Revenue by Business Line

Our revenue increased by RMB124.1 million, or 8.3%, from RMB1,500.4 million in 2024 to RMB1,624.5 million in 2025, primarily driven by the revenue growth of NEV solutions business and specialized precision electric drive systems business.

NEV Solutions. Our revenue from NEV solutions business increased by RMB91.7 million, or 12.5%, from RMB731.7 million in 2024 to RMB823.4 million in 2025, driven by the growing demand from our NEV customers.

Specialized Precision Electric Drive Systems. Our revenue from specialized precision electric drive systems business increased by RMB27.1 million, or 5.6%, from RMB482.8 million in 2024 to RMB509.9 million in 2025, primarily due to (i) growth in our customer base across CNC machine tool, astronomical telescope and elevator sectors; and (ii) expansion into new sectors, including data centers and energy efficiency retrofits, supported by our ongoing business cultivation and development efforts.

Industrial Automation Solutions. Our revenue from industrial automation solutions business remained relatively stable at RMB241.4 million in 2024 and RMB238.6 million in 2025.

Revenue by Geographic Region

Our revenue from the Chinese Mainland increased by RMB123.1 million, or 10.1%, from RMB1,217.9 million in 2024 to RMB1,341.0 million in 2025, primarily attributable to the growing demand from NEV customers, along with increased sales to industrial customers in wind power, CNC machine tool and energy efficiency retrofit sectors.

Our revenue from overseas markets remained relatively stable in 2024 and 2025, amounting to RMB282.5 million and RMB283.5 million, respectively.

Cost of Sales

Our cost of sales increased by RMB94.0 million, or 7.5%, from RMB1,258.4 million in 2024 to RMB1,352.4 million in 2025 generally in line with our revenue growth. The increase was primarily due to increases in cost of sales as well as depreciation and amortization, driven by our sales volume growth in 2025 and expanded production capacity for NEV segment to meet rising order demand.

Gross Profit and Gross Margin

Our gross profit increased by RMB30.1 million, or 12.4%, from RMB242.0 million in 2024 to RMB272.1 million in 2025, mainly attributable to the gross profit turnaround in NEV solutions business and the increase in gross profit from specialized precision electric drive systems business. Our gross margin was 16.1% and 16.8% in 2024 and 2025, respectively.

NEV Solutions. Our NEV solutions business achieved gross profit turnaround of RMB7.6 million in 2025 as compared to the gross loss position of RMB7.8 million in 2024 and recorded improved gross margin from negative 1.1% to positive 0.9% during the same periods. This improvement was primarily attributable to increasing economies of scale and our continued advancement of platform-based and modular product development and production, which enhanced operational efficiency and scalability.

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Specialized Precision Electric Drive Systems. Our gross profit for specialized precision electric drive systems business increased by RMB15.4 million, or 8.4%, from RMB183.0 million in 2024 to RMB198.5 million in 2025, primarily attributable to the growth in revenue. Gross margin for specialized precision electric drive systems business increased slightly from 37.9% in 2024 to 38.8% in 2025, driven by the increase in revenue proportion from high-margin sectors, particularly CNC machine tools, astronomical telescopes and elevators.

Industrial Automation Solutions. Our gross profit for industrial automation solutions business decreased by RMB4.3 million, or 11.5%, from RMB37.5 million in 2024 to RMB33.1 million in 2025 and its gross margin decreased from 15.5% to 14.0% during such periods, primarily due to a reduction in average selling prices amid intensified market competition.

Other Income and Gains

Our other income and gains decreased by RMB2.1 million, or 4.4%, from RMB47.6 million in 2024 to RMB45.5 million in 2025, primarily due to a decrease in investment income from our wealth management products purchased from commercial banks, partially offset by increases in government grants and interest income.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB6.0 million, or 12.4%, from RMB48.6 million in 2024 to RMB54.6 million in 2025, primarily due to (i) an increase of RMB5.0 million in marketing and promotion expenses, reflecting our continued efforts to strengthen business development and market expansion; and (ii) an increase of RMB1.9 million in staff costs, mainly driven by the expansion of our overseas sales and marketing team following the acquisition of NEGTC in July 2024.

Administrative Expenses

Our administrative expenses increased by RMB19.8 million, or 13.7%, from RMB144.8 million in 2024 to RMB164.6 million in 2025, primarily due to the recognition of RMB16.8 million in [REDACTED] expenses related to the [REDACTED] in 2025.

Research and Development Costs

Our research and development costs increased by RMB13.8 million, or 11.4%, from RMB121.2 million in 2024 to RMB134.9 million in 2025, primarily due to (i) an increase of RMB7.3 million in R&D supplies to support our R&D activities; (ii) an increase of RMB3.9 million in staff costs resulting from additional hiring; and (iii) an increase of RMB1.1 million in depreciation and amortization.

Impairment Losses on Financial Assets and Contract Assets, Net

We recorded impairment losses on financial assets and contract assets of RMB102.8 million and RMB1.2 million in 2024 and 2025, respectively. The significant higher amount in 2024 was primarily due to the full impairment of trade receivables due from the distressed customer.

Finance Costs

Our finance costs remained relatively stable at RMB24.5 million in 2024 and RMB24.2 million in 2025.

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Other Expenses

Our other expenses decreased by RMB24.9 million, or 97.8%, from RMB25.5 million in 2024 to RMB0.6 million in 2025. The decrease was primarily due to only minor incidental expenses incurred in 2025, as compared to a one-off fair value loss on an equity investment in an unlisted company measured at FVPL recognized in 2024.

Income Tax Credit

We recorded income tax credit of RMB775 thousand and RMB566 thousand in 2024 and 2025, respectively.

Loss for the Year and Net Margin

As a result of the foregoing, we recorded a loss of RMB177.0 million in 2024 and RMB61.9 million in 2025. Our loss for the year decreased by RMB115.1 million, or 65.0%, from 2024 to 2025, primarily attributable to (i) revenue growth from our NEV solutions business and specialized precision electric drive systems business; and (ii) lower impairment losses on financial assets and contract assets, as the write-offs related to the distressed customer recorded in 2024 did not recur.

Our net margin was negative 11.8% and negative 3.8% in 2024 and 2025, respectively.

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

Revenue

Revenue by Business Line

Our revenue increased by RMB257.6 million, or 20.7%, from RMB1,242.8 million in 2023 to RMB1,500.4 million in 2024 primarily driven by the revenue growth of NEV solutions business, the effect of which was partially offset by revenue decreases in industrial automation solutions and specialized precision electric drive systems businesses.

NEV Solutions. Our revenue from NEV solutions business increased significantly from RMB374.7 million in 2023 to RMB731.7 million in 2024, attributable to increased sales volume from NEV customers. Capitalizing on our ongoing efforts on business development and accumulation, we expanded customer base and diversified customer portfolio for our NEV solutions business by effectively capturing the growth of NEV market.

Specialized Precision Electric Drive Systems. Our revenue from specialized precision electric drive systems business decreased by RMB66.7 million, or 12.1%, from RMB549.5 million in 2023 to RMB482.8 million in 2024, primarily due to (i) the declined demand from PV customers as a result of intensified market competition and industry overcapacity; and (ii) the decreased revenue from overseas markets, mainly Italy and the United States, affected by the market downturn and challenging economic environment in overseas machine tool sector in 2024.

Industrial Automation Solutions. Our revenue from industrial automation solutions business decreased by RMB35.1 million, or 12.7%, from RMB276.5 million in 2023 to RMB241.4 million in 2024, primarily due to the continued sluggish market demand.

Revenue by Geographic Region

Our revenue from the Chinese Mainland increased by RMB283.3 million, or 30.3%, from RMB934.6 million in 2023 to RMB1,217.9 million in 2024, primarily attributable to the revenue growth of NEV solutions business.

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Our revenue from overseas markets decreased by RMB25.7 million, or 8.3%, from RMB308.2 million in 2023 to RMB282.5 million in 2024, primarily due to a decline in market demand in Italy and the United States for the same reason stated above, partially offset by higher revenue from Belgium due to a surge in demand for high-power models in air-compressor sector in 2024.

Cost of Sales

Our cost of sales increased by RMB192.7 million, or 18.1%, from RMB1,065.7 million in 2023 to RMB1,258.4 million in 2024 generally in line with our revenue growth. The increase was primarily due to an increase in cost of raw materials of RMB175.3 million, driven by the increased sales of NEV products.

Gross Profit and Gross Margin

Our gross profit increased by RMB64.9 million, or 36.6%, from RMB177.2 million in 2023 to RMB242.0 million in 2024 mainly attributable to the reduction in gross loss of NEV solutions business. Accordingly, our gross margin improved from 14.3% in 2023 to 16.1% in 2024.

NEV Solutions. Our gross loss for NEV solutions business decreased significantly from RMB77.9 million in 2023 to RMB7.8 million in 2024 and gross margin for NEV solutions business improved from negative 20.8% in 2023 to negative 1.1% in 2024, primarily attributable to (i) the growth of sales volume, which led to improved utilization of our production capacity and greater economies of scale; (ii) effective cost reduction associated with our technology innovation on platform-based and modular product development and production; and (iii) lower raw materials procurement cost due to stronger bargaining power from enlarged business scale.

Specialized Precision Electric Drive Systems. Our gross profit for specialized precision electric drive systems business decreased by RMB7.6 million, or 4.0%, from RMB190.7 million in 2023 to RMB183.0 million in 2024 while gross margin for specialized precision electric drive systems business improved from 34.7% in 2023 to 37.9% in 2024, primarily attributable to the higher revenue proportion from certain high-value-added and high-margin sectors, such as flywheel energy storage, aviation simulators and astronomical telescopes.

Industrial Automation Solutions. Our gross profit for industrial automation solutions business remained relatively stable at RMB36.6 million in 2023 and RMB37.5 million in 2024. Gross margin for industrial automation solutions business increased from 13.2% in 2023 to 15.5% in 2024, primarily attributable to the launch of new cost-efficient solutions adapting to customer needs.

Other Income and Gains

Our other income and gains increased by RMB10.3 million, or 27.5%, from RMB37.3 million in 2023 to RMB47.6 million in 2024, primarily due to (i) an increase of RMB7.6 million in government grants relating to tax refund and technological innovation subsidies; and (ii) an increase of RMB6.9 million in investment income from financial assets at FVPL generated by disposing certain equity investments in the second half of 2024. Such increases were partially offset by a decrease of RMB3.0 million in fair value gains on our unlisted equity investments measured at FVPL.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB9.1 million, or 23.2%, from RMB39.4 million in 2023 to RMB48.6 million in 2024, primarily due to an increase in staff costs for general salary increases and increased headcounts to suit our business expansion.

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Administrative Expenses

Our administrative expenses increased by RMB12.2 million, or 9.2%, from RMB132.6 million in 2023 to RMB144.8 million in 2024, primarily due to (i) an increase of RMB6.7 million in professional service fees in relation to A-share listing attempts; (ii) an increase of RMB2.2 million in staff costs for increased headcount; and (iii) an increase of RMB2.0 million in travel and business activities expenses along with the growth of our business scale.

Research and Development Costs

Our research and development costs remained relatively stable at RMB120.2 million in 2023 and RMB121.2 million in 2024.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets and Contract Assets, Net

We recorded reversal of impairment losses on financial assets and contract assets of RMB0.2 million in 2023, as compared to impairment losses on financial assets and contract assets of RMB102.8 million in 2024 because we individually recognized full impairment with respect to trade receivables due from the distressed customer.

Finance Costs

Our finance costs decreased by RMB6.1 million, or 19.9%, from RMB30.6 million in 2023 to RMB24.5 million in 2024, primarily due to (i) an increase in capitalized interest of RMB3.2 million corresponding to the construction progress and capital expenditures of our Beilun facility; and (ii) a decrease in interest on bank and other borrowings of RMB2.9 million as we repaid certain bank loans and the loan interest rates also decreased in 2024.

Other Expenses

Our other expenses increased by RMB23.8 million from RMB1.6 million in 2023 to RMB25.5 million in 2024, primarily because we recognized fair value loss of RMB18.7 million in 2024 for our equity investment in an unlisted company measured at FVPL.

Income Tax (Expenses)/Credit

We recorded income tax expenses of RMB2.4 million in 2023 and income tax credit of RMB0.8 million in 2024, primarily due to an increase in our loss before tax.

Loss for the Year and Net Margin

As a result of the foregoing, we recorded a loss of RMB112.2 million in 2023 and RMB177.0 million in 2024. Our loss for the year increased by RMB64.8 million, or 57.7%, from 2023 to 2024, primarily due to (i) an increase in impairment losses on financial assets and contract assets, reflecting the write-offs related to the distressed customer, and (ii) an increase in other expenses because we recognized fair value loss in 2024 for our equity investment in an unlisted company measured at FVPL, partially offset by an increase in revenue driven by the growth of our NEV solutions business.

Our net margin was negative 9.0% and negative 11.8% in 2023 and 2024, respectively.

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DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which are extracted from the Accountants’ Report included in Appendix I to this document:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Non-current assets			
Property, plant and equipment	863,670	980,265	1,039,059
Investment properties	4,518	4,066	3,614
Other intangible assets	46,236	43,467	38,534
Right-of-use assets	118,719	119,165	111,367
Goodwill	24,133	26,156	26,156
Equity investments designated at FVOCI	30,517	33,834	–
Financial assets at FVPL	28,690	13,972	18,739
Deferred tax assets	9,917	12,605	14,795
Contract assets	1,906	3,373	4,737
Other non-current assets	2,474	3,998	8,890
Total non-current assets	1,130,780	1,240,901	1,265,891
Current assets			
Inventories	274,476	329,426	265,645
Trade and notes receivables	492,036	636,479	621,587
Prepayments, other receivables and other assets	52,936	51,048	45,702
Financial assets at FVPL	25,903	20,449	14,213
Debt investments at FVOCI	33,954	3,885	30,172
Restricted bank deposits	15,098	13,414	23,607
Cash and cash equivalents	37,329	46,216	87,694
Total current assets	931,732	1,100,917	1,088,620
Current liabilities			
Interest-bearing bank borrowings	548,532	515,301	627,972
Trade and notes payables	619,146	766,790	762,380
Other payables and accruals	171,949	151,836	127,412
Contract liabilities	24,161	21,727	23,071
Provisions	4,200	7,189	3,308
Lease liabilities	4,110	5,187	3,162
Tax payables	1,000	21	329
Total current liabilities	1,373,098	1,468,051	1,547,634
Net current liabilities	(441,366)	(367,134)	(459,014)
Total assets less current liabilities	689,414	873,767	806,877
Non-current liabilities			
Interest-bearing bank borrowings	276,621	326,658	333,335
Lease liabilities	8,616	11,076	7,136
Employee defined benefit obligation	4,809	5,842	5,313
Provisions	8,460	5,808	10,318
Deferred income	58,221	68,469	66,862
Deferred tax liabilities	11,085	12,282	3,471
Total non-current liabilities	367,812	430,135	426,435
NET ASSETS	321,602	443,632	380,442

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We had net assets of RMB321.6 million as of December 31, 2023, reflecting a net assets position of RMB426.6 million as of January 1, 2023 which was further affected by (i) loss for the year of RMB112.2 million in 2023, (ii) changes in fair value of equity investments at FVOCI, net of tax, of RMB3.4 million and (iii) exchange differences of RMB3.3 million.

Our net assets increased from RMB321.6 million as of December 31, 2023 to RMB443.6 million as of December 31, 2024, mainly attributable to issue of shares of RMB300.0 million, partially offset by loss for the year of RMB177.0 million in 2024. Our net assets decreased from RMB443.6 million as of December 31, 2024 to RMB380.4 million as of December 31, 2025, primarily due to (i) loss for the year of RMB61.9 million, and (ii) changes in fair value of equity investments at FVOCI, net of tax, of RMB13.4 million, partially offset by exchange differences of RMB5.1 million, transfer of fair value reserve upon the disposal of equity investments at FVOCI of RMB3.6 million and share-based payment expenses of RMB3.4 million in 2025.

Property, Plant and Equipment

Our property, plant and equipment include primarily machine equipment, buildings, construction in progress, electronic equipment as well as renovation and leasehold improvement. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Machine equipment	323,846	324,983	476,705
Buildings	280,101	269,851	253,831
Construction in progress	236,869	354,482	275,464
Electronic equipment	14,361	14,350	14,327
Renovation and leasehold improvement	3,704	11,080	14,233
Transportation equipment	4,789	5,519	4,499
Total	863,670	980,265	1,039,059

Our property, plant and equipment increased by RMB116.6 million from RMB863.7 million as of December 31, 2023 to RMB980.3 million as of December 31, 2024 and then increased by RMB58.8 million to RMB1,039.1 million as of December 31, 2025. The continual increase was mainly due to (i) an increase in construction in progress in 2024 for our production facility expansion and upgrade, particularly to support the growth of our NEV solutions business; and (ii) an increase in machine equipment in 2025, reflecting the procurement of new equipment and the transfer of fixed assets from construction in progress upon completion of relevant projects.

We assess whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Based on the results of the impairment testing, no impairment of non-financial assets was provided as of December 31, 2023, 2024 and 2025. See Note 13 to the Accountants’ Report included in Appendix I to this document for further details.

Other Intangible Assets

Our other intangible assets primarily consist of our proprietary technologies, patents, trademarks and software purchased by us in connection with our business operations.

Our other intangible assets decreased by RMB2.8 million from RMB46.2 million as of December 31, 2023 to RMB43.5 million as of December 31, 2024 mainly as a result of the amortization provided during the year, which was partially offset by additions in proprietary technologies and software through both external purchase and acquisition of 70% equity interest of NGTEC in July 2024. Our other intangible assets decreased by RMB4.9 million to RMB38.5 million as of December 31, 2025, primarily due to the amortization provided during the period which was partially offset by purchase of software and technologies to support our R&D activities.

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Right-of-Use Assets

Our right-of-use assets include leasehold land, buildings and transportation equipment used in our operations. We have lease contracts for various items of leasehold land, buildings and transportation equipment. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 49.25 years to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between two and six years. Leases of transportation equipment generally have lease terms between one and five years. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Leasehold land	106,100	103,737	101,375
Buildings	11,578	14,109	8,310
Transportation equipment	1,041	1,319	1,682
Total	118,719	119,165	111,367

Our right-of-use assets remained relatively stable at RMB118.7 million and RMB119.2 million as of December 31, 2023 and 2024, respectively. Our right-of-use assets decreased by RMB7.8 million from RMB119.2 million as of December 31, 2024 to RMB111.4 million as of December 31, 2025, primarily due to depreciation charge.

Goodwill

Our goodwill arose from our acquisitions of OSAI ITA and NGTEC. We acquired 60.0% equity interest of OSAI ITA in December 2019 and completed the remaining 40.0% in August 2022, thus it has become our wholly-owned subsidiary since then. See “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers.” Our goodwill increased by RMB2.0 million from RMB24.1 million as of December 31, 2023 to RMB26.2 million as of December 31, 2024, resulting from the acquisition of 70.0% equity interest of NGTEC from two Independent Third Parties at a consideration of EUR663,137.00 in July 2024. Our goodwill remained stable at RMB26.2 million as of December 31, 2025.

We determine whether goodwill is impaired at least on an annual basis. Based on the results of the impairment testing, our management determined that goodwill was not impaired as of December 31, 2023, 2024 and 2025. See Note 18 to the Accountants’ Report included in Appendix I to this document for further details.

Equity Investments Designated at FVOCI

Our equity investments designated at FVOCI represent our strategic investment in the unlisted equity interest of CS Capital, an equity investment management company focusing on advanced manufacturing industries. Our equity investments designated at FVOCI were RMB30.5 million and RMB33.8 million as of December 31, 2023 and 2024, respectively. The increase was primarily due to the growth in fair value of our equity interest in CS Capital. Our equity investments designated at FVOCI were nil as of December 31, 2025, following the disposal of our entire equity interest in CS Capital in December 2025 to optimize capital allocation.

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Accordingly, the fair value of our equity investments designated at FVOCI, net of tax, increased by RMB3.4 million and RMB2.5 million in 2023 and 2024, respectively, and decreased by RMB13.4 million in 2025. The fair value of our equity investments designated at FVOCI is measured under level 2 of the fair value hierarchy. See Note 46 to the Accountants’ Report included in Appendix I to this document for further details.

Inventories

Our inventories consist of (i) raw materials, representing the various kinds of supplies that we procure for manufacturing our products which include mainly permanent magnet, enameled wire, electronic components, silicon steel sheets, flanges and aluminum profiles; (ii) work in progress and (iii) finished goods.

The following table sets forth our inventory balances as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Raw materials	114,294	131,473	110,554
Work in progress	52,437	98,852	70,281
Finished goods	107,745	99,101	84,810
Total	274,476	329,426	265,645

Our production involves various types and specifications of raw materials. The level of inventory of our finished products is dependent on our production volume as well as the sales orders on hand and the time for delivery of the finished products to our customers. In order to ensure timely supply of our products, we formulate production plans based on the sales orders on hand and the historical trends of sales, and adjust our production plans in accordance with actual sales to maintain a certain level of raw materials and finished products. Therefore, the amount of raw materials and finished goods constitute the substantial part of our inventories, representing 80.9%, 70.0% and 73.5% of our total inventories as of December 31, 2023, 2024 and 2025, respectively.

Our inventories increased by RMB55.0 million from RMB274.5 million as of December 31, 2023 to RMB329.4 million as of December 31, 2024, primarily due to increases in work in progress of RMB46.4 million and raw materials of RMB17.2 million as we increased procurement in the fourth quarter of 2024 driven by the increased sales volume and business growth of our NEV products. Our inventories decreased by RMB63.8 million to RMB265.6 million as of December 31, 2025, primarily due to (i) more stable procurement and production activities in 2025 in line with our overall growth, compared to the aforementioned higher base at the end of 2024; and (ii) ongoing efforts to optimize inventory management.

The aging analysis of our inventories as of the dates indicated is as follows:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Within 1 year	230,891	271,937	195,248
1 to 2 years	29,387	34,745	42,519
2 to 3 years	9,936	17,893	15,943
Over 3 years	4,262	4,851	11,935
Total	274,476	329,426	265,645

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We also periodically review our inventory levels for slow-moving inventory, obsolescence or decline in fair value. Allowance is made when the net realizable value of inventories falls below the cost. During the Track Record Period, we recorded inventory write-downs of RMB17.2 million, RMB23.6 million and a reversal of inventory write-downs of RMB0.5 million as of December 31, 2023, 2024 and 2025, respectively. The relatively higher amount for write-down of inventories as of December 31, 2024 was mainly due to the individual write-down of inventories amounting to RMB17.4 million associated with the distressed customer. See “— Key Factors Affecting Our Results of Operations — Our Ability to Grow Customer Base” for further details.

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

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	100.7	87.6	80.3

Note:

- (1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of inventories (net of provision for impairment of inventories) in that period by cost of sales for the corresponding period and then multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025.

In 2023, 2024 and 2025, our inventory turnover days were 100.7 days, 87.6 days and 80.3 days, respectively. The decrease in inventory turnover days from 2023 to 2024 was primarily attributable to accelerated lead time in NEV solutions business, led by our platform-based and modular product development and production approach which effectively improved production efficiency. Our inventory turnover days further decreased in 2025 mainly attributable to enhanced inventory management in an effort to improve our warehousing efficiency.

As of March 31, 2026, approximately RMB203.3 million, or 76.5%, of our inventories as of December 31, 2025 had been subsequently utilized or sold.

Trade and Notes Receivables

Our trade and notes receivables consist of trade receivables and notes receivables. The following table sets forth our trade and notes receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Trade receivables	364,239	608,767	512,159
Notes receivables ⁽¹⁾	134,009	135,329	218,367
Subtotal	498,248	744,096	730,526
Less:			
Impairment of trade receivables	(6,212)	(107,617)	(108,939)
Total	492,036	636,479	621,587

Note:

- (1) Certain notes receivables were pledged to secure the issuance of bank acceptance notes with a carrying amount of RMB3.2 million, nil and nil as of December 31, 2023, 2024 and 2025, respectively.

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As of December 31, 2023, 2024 and 2025, our trade and notes receivables were RMB492.0 million, RMB636.5 million and RMB621.6 million, respectively. Our trade and notes receivables increased by RMB144.4 million from December 31, 2023 to December 31, 2024, mainly due to an increase of RMB244.5 million in trade receivables associated with the growth of our NEV product sales during the same periods, in particular, a significant portion of sales was made in the fourth quarter of 2024 and had not yet become due or settled as of the end of 2024. Such increase was partially offset by an increase of RMB101.4 million in impairment of trade receivables with respect to the distressed customer. Our trade and notes receivables decreased by RMB14.9 million from December 31, 2024 to December 31, 2025, primarily due to a decrease of RMB96.6 million in trade receivables, primarily driven by improved collection efficiency and faster settlement from certain key customers, together with a reduction in sales to certain customers toward the end of the period. This decrease was partially offset by an increase of RMB83.0 million in notes receivables, attributable to our overall revenue growth in 2025.

Our trading terms with customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to 180 days for major customers and each customer has a maximum credit limit. We seek to maintain strict control over our outstanding receivables and have a designated credit control department to minimize the credit risk. Overdue balances are reviewed regularly by our management. An impairment analysis is performed at the end of each reporting period in accordance with relevant accounting standards and based on a provision matrix to measure ECLs. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables and we have provided full impairment for the defaulted receivables. See Note 22 to the Accountants’ Report included in Appendix I to this document for details on the credit risk exposure on our trade and notes receivables using a provision matrix.

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

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Within 1 year	350,858	497,345	395,955
Over 1 year	7,169	3,805	7,265
Total	358,027	501,150	403,220

The following table sets forth the movements in the loss allowance for impairment of trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
At beginning of year	8,144	6,212	107,617
Impairment losses, net	(352)	102,954	1,182
Amount written off as uncollectible	(1,599)	(1,559)	—
Exchange realignment	19	10	140
At end of year	6,212	107,617	108,939

We recorded loss allowance for impairment of trade receivables of RMB6.2 million, RMB107.6 million and RMB108.9 million as of December 31, 2023, 2024 and 2025, respectively. The significant higher amount of loss allowance for impairment of trade receivables as of December 31, 2024 and 2025 was because we recorded full impairment loss on trade receivables due from the distressed customer amounting to RMB104.1 million in 2024. See “— Key Factors Affecting Our Results of Operations — Our Ability to Grow Customer Base” for further details.

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

	Year ended December 31,		
	2023	2024	2025
Trade and notes receivables turnover days ⁽¹⁾ . . .	157.1	137.3	141.3

Note:

- (1) The trade and notes receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade and notes receivables in that period by revenue for the corresponding period and then multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025.

Our trade and notes receivables turnover days decreased from 157.1 days in 2023 to 137.3 days in 2024 primarily due to (i) our revenue growth driven by increased sales volume of NEV products; and (ii) our strengthened receivables management to ensure timely collections. Our trade and notes receivables turnover days remained relatively stable at 141.3 days in 2025. During the Track Record Period, our trade and notes receivables turnover days were relatively high. This was primarily because certain bank acceptance notes that we received from our customers and subsequently endorsed to our suppliers, cannot be derecognized at the time of endorsement under the relevant accounting standards. Instead, such notes, typically with a maturity term of five to six months, remained recorded as notes receivables until maturity, resulting in a relatively high overall turnover of trade and notes receivables.

As of March 31, 2026, approximately RMB492.2 million, or 79.2%, of our trade and notes receivables (net of impairment of trade receivables) as of December 31, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) value-added tax recoverable; (ii) prepayments, mainly including advance to suppliers for purchasing raw materials; and (iii) other receivables, mainly representing various deposits relating to our daily operation. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Value-added tax recoverable	27,891	33,550	20,134
Prepayments	14,033	12,309	17,007
Other receivables	2,817	2,810	4,587
Prepaid income tax	431	2,440	428
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Less:			
Impairment of other receivables	(61)	(61)	(64)
Total	52,936	51,048	45,702

Our prepayments, other receivables and other assets remained relatively stable at RMB52.9 million and RMB51.0 million as of December 31, 2023 and 2024, respectively and decreased by RMB5.3 million to RMB45.7 million as of December 31, 2025 primarily due to a decrease in value-added tax recoverable.

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Financial Assets at FVPL

Our financial assets at FVPL represent our investments in wealth management products and unlisted equity investments in several entities. As part of our treasury management, we invested in low-risk wealth management products as a supplemental means to improve utilization of our cash on hand on a short-term basis. In addition, we acquired unlisted equity interest for investment return, potential cost reduction, strengthened control over supply chain, and potential business opportunities. The following table sets forth our financial assets at FVPL as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Non-current asset			
Unlisted equity investments, at fair value ⁽¹⁾	28,690	13,972	18,739
Current asset			
Wealth management products ⁽²⁾	25,903	20,449	14,213
Total	54,593	34,421	32,952

Notes:

- (1) The above equity investments were classified as financial assets at FVPL as they were held for trading. The fair value of unlisted equity investments is measured under level 2 and level 3 of the fair value hierarchy. See Note 46 to the Accountants' Report included in Appendix I to this document for further details.
- (2) The wealth management products, mainly non-principal-guaranteed with floating returns products issued by reputable commercial banks in the Chinese Mainland, were generally redeemable on demand. They were mandatorily classified as financial assets at FVPL and the fair value is categorized within level 2 of fair value measurement.

Our financial assets at FVPL decreased by RMB20.2 million from RMB54.6 million as of December 31, 2023 to RMB34.4 million as of December 31, 2024, mainly due to the fair value loss for our equity investment in an unlisted company measured at FVPL. Our financial assets at FVPL remained relatively stable at RMB33.0 million as of December 31, 2025.

We have established internal policies to monitor and control the risks relating to our investment activities. In particular, any proposed investment is subject to a feasibility study which shall be reviewed and approved by the investment decision-making bodies, being the shareholders' general meetings, the Board and the Chairman of the Board within their respective approval limits. The Board shall regularly review the implementation progress and performance of our major investments and the General Manager shall take the lead in daily management of the invested assets. Our financial department is responsible for making comprehensive and complete financial records in connection with our investment activities. In case of any significant or adverse fluctuation in our investments, we may transfer and recover our interests in the invested assets in accordance with applicable laws and regulation. We may adjust our investment policies from time to time based on our development, conditions of the financial market and the macroeconomic environment in China. Our investments will be subject to the requirements under Chapter 14 of the Listing Rules upon [REDACTED].

Debt Investments at FVOCI

Our debt investments at FVOCI represent bank acceptance notes issued by reputable commercial banks in the Chinese Mainland. These notes are commonly transferred through endorsement or discounted by banks, bearing a business model with the objective of both collecting contractual cash flows and selling. The fair value of debt investments at FVOCI approximates to the carrying value due to the short maturity. Certain bank acceptance notes were restricted with a carrying amount of RMB22.4 million, nil and nil as of December 31, 2023, 2024 and 2025, respectively.

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Our debt investments at FVOCI amounted to RMB34.0 million, RMB3.9 million and RMB30.2 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuation in debt investments at FVOCI was mainly associated with the maturity of bank acceptance notes.

Restricted Bank Deposits

Our restricted bank deposits are placed primarily for notes payables and letters of guarantee. Our restricted bank deposits decreased from RMB15.1 million as of December 31, 2023 to RMB13.4 million as of December 31, 2024 and increased to RMB23.6 million as of December 31, 2025, primarily due to changes in the amounts required to be pledged by banks when issuing bank acceptance notes and letters of guarantee. Restrictions on these deposits were released upon our payment at the maturity of the respective instruments.

Cash and Cash Equivalents

We had cash and cash equivalents of RMB37.3 million, RMB46.2 million and RMB87.7 million as of December 31, 2023, 2024 and 2025, respectively. See “— Liquidity and Capital Resources — Cash Flows” for more details.

Trade and Notes Payables

Our trade and other payables mainly represent outstanding amounts due to our suppliers of raw materials as well as our various service providers. We are typically given a credit period ranging from 30 to 120 days by our suppliers. The following table sets forth our trade and notes payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Trade payables	504,834	706,881	666,184
Notes payables	114,312	59,909	96,196
Total	619,146	766,790	762,380

Our trade and notes payables increased by RMB147.6 million from RMB619.1 million as of December 31, 2023 to RMB766.8 million as of December 31, 2024, primarily due to an increase in trade payables of RMB202.0 million mainly because we increased procurement volume of raw materials for our NEV solutions business to fit its sales growth and production capacity expansion, which was partially offset by a decrease in notes payables of RMB54.4 million as a result of the reduced use of bank acceptance notes for the settlement. Our trade and notes payables decreased by RMB4.4 million to RMB762.4 million as of December 31, 2025, primarily due to a decrease of RMB40.7 million in trade payables mainly due to (i) a higher base at the end of 2024 driven by a ramp-up in NEV solutions business, whereas procurement and production activities in 2025 were more stable and in line with our overall growth; and (ii) the reclassification of certain amounts to interest-bearing bank borrowings in connection with the reverse factoring arrangement we entered into with some suppliers in 2025. This decrease was partially offset by an increase of RMB36.3 million in notes payables following the establishment of credit facilities with a new bank.

The majority of our trade and notes payables are expected to be settled within one year or repayable on demand. The following table sets forth an aging analysis of our trade payables, based on invoice date, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Within 1 year	503,421	700,409	655,451
1 to 2 years	1,281	6,038	9,981
2 to 3 years	40	384	467
Over 3 years	92	50	285
Total	504,834	706,881	666,184

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

	Year ended December 31,		
	2023	2024	2025
Trade and notes payables turnover days ⁽¹⁾	235.7	201.0	206.4

Note:

- (1) The trade and notes payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade and notes payables in that period by cost of sales for the corresponding period and then multiplying by 365 days for the years ended December 31, 2023, 2024 and 2025.

In 2023, 2024 and 2025, our trade and notes payables turnover days were 235.7 days, 201.0 days and 206.4 days, respectively. The relatively longer trade and notes payables turnover days in 2023 were because of a temporary extension of credit periods to facilitate ongoing commercial discussions. Our trade and notes payables turnover days remained relatively stable in 2024 and 2025.

As of March 31, 2026, approximately RMB406.0 million, or 53.3%, of our trade and notes payables as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals include primarily (i) other payables that are non-interest-bearing and have no fixed terms of settlement, mainly representing the final installments for our equipment purchase and construction projects of production facilities; (ii) taxes payable other than corporate income tax; (iii) payable for endorsed notes receivables that are not derecognized, representing payables to relevant counterparties in relation to bank acceptance notes that have been transferred and not yet due, excluding those meets the criteria for derecognition; and (iv) payroll payables. The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Other payables	131,547	110,134	87,862
Taxes payable other than corporate income tax .	18,658	17,984	13,940
Payable for endorsed notes receivables that are not derecognized ⁽¹⁾	7,364	10,830	13,742
Payroll payables	11,915	10,375	8,421
Other current liabilities	2,294	2,206	3,270
Advances from customers	171	307	177
Total	171,949	151,836	127,412

Note:

- (1) For the endorsed notes receivables that we neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, we continue to recognize the notes receivables and associated liabilities. See Note 45 to the Accountants' Report included in Appendix I to this document for further details.

Our other payables and accruals decreased by RMB20.1 million from RMB171.9 million as of December 31, 2023 to RMB151.8 million as of December 31, 2024, primarily as a result of a decrease in other payables of RMB21.4 million due to settlement we made pursuant to the payment schedules in agreements for equipment procurement and construction projects in 2024. Our other payables and accruals decreased by RMB24.4 million to RMB127.4 million as of December 31, 2025, primarily due to (i) a decrease in other payables of RMB22.3 million, as certain procurements

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made in 2024 in preparation for the Ganzhou facility launch were settled on schedule in 2025; and (ii) a decrease in taxes payable other than corporate income tax of RMB4.0 million; partially offset by an increase in payable for endorsed notes receivables that are not derecognized of RMB2.9 million.

As of March 31, 2026, approximately RMB46.3 million, or 36.3%, of our other payables and accruals as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities represent short-term advances received from customers for sales of products and solutions. We had contract liabilities of RMB24.2 million, RMB21.7 million and RMB23.1 million as of December 31, 2023, 2024 and 2025, respectively, mainly in line with the sales order received from customers. Our contracts with customers are rendered in a short period of time, which is generally less than one year. As of March 31, 2026, approximately RMB12.2 million, or 52.9%, of our contract liabilities as of December 31, 2025 had been subsequently recognized as revenue.

Provisions

Our provisions are mainly related to warranties. We provide warranties to our customers on product defects occurring during the warranty periods generally ranging from 8 to 10 years or 100,000 kilometers to 200,000 kilometers for NEV products and 18 to 36 months for industrial control products. During the warranty periods, we offer free repair services to customers and generally allow product exchange or return for quality issues. See “Business — Sales and Marketing — Product Warranties and Product Return.” The amount of the provisions for warranties is estimated based on past warranty experience, comparable industry company data, and sales conditions. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

As of December 31, 2023, 2024 and 2025, our provisions amounted to RMB12.7 million, RMB13.0 million and RMB13.6 million, respectively, generally in line with our sales growth.

Deferred Income

Our deferred income represents deferred government grants which consist mainly of subsidies received from the local government in the PRC that relate to both expenses and assets. These government grants are typically awarded on a one-off basis and were released to profit or loss either over the periods that the expenses for which it is intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are compliant with. We had deferred income of RMB58.2 million, RMB68.5 million and RMB66.9 million as of December 31, 2023, 2024 and 2025, respectively. The increases in our deferred income from December 31, 2023 to December 31, 2024 were mainly attributable to government grants received during the periods. Our deferred income remained relatively stable as of December 31, 2025.

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including upgrading and expanding the existing production facilities, establishing new production facilities and production lines as well as other working capital requirements. During the Track Record Period, we financed our capital expenditures and working capital requirements mainly through cash generated from operating activities, bank borrowings and Series C Financing. In the foreseeable future, we expect working capital to continue to be our principal requirements of liquidity and we may use a portion of the [REDACTED] from the [REDACTED] to finance some of our capital expenditures. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB37.3 million, RMB46.2 million and RMB87.7 million, respectively, consisting of cash at bank and on hand.

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Cash Flows

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

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)		
Cash generated from/(used in) operations	10,932	(130,352)	96,156
Interest received	2,099	4,768	6,606
Income tax paid	(5,146)	(4,555)	(29)
Net cash flows from/(used in) operating activities	7,885	(130,139)	102,733
Net cash flows used in investing activities	(111,180)	(147,654)	(110,926)
Net cash flows from financing activities	77,280	286,681	49,553
Net (decrease)/increase in cash and cash equivalents	(26,015)	8,888	41,360
Cash and cash equivalents at beginning of year	63,147	37,329	46,216
Effect of foreign exchange rate changes, net	197	(1)	118
Cash and cash equivalents at end of the year	37,329	46,216	87,694

Operating Activities

In 2025, our net cash generated from operating activities was RMB102.7 million. Our loss before tax of RMB62.5 million was adjusted to reflect primarily (i) non-cash items of depreciation of property, plant and equipment of RMB84.5 million and finance costs of RMB24.2 million; and (ii) working capital adjustments for a decrease in inventories of RMB63.9 million, attributable to more stable procurement and production activities in 2025 and optimized inventory management, and an increase in other payables and accruals of RMB24.1 million. Such adjustments were partially offset by a decrease in trade and notes payables of RMB51.6 million.

In 2024, our net cash used in operating activities was RMB130.1 million. Our loss before tax of RMB177.7 million was adjusted to reflect primarily (i) non-cash items of impairment of trade and notes receivables of RMB103.0 million, depreciation of property, plant and equipment of RMB70.4 million, finance costs of RMB24.5 million and write-down of inventories to net realizable value of RMB23.6 million; and (ii) working capital adjustments for an increase in trade and notes payables of RMB133.9 million mainly in relation to increased raw material procurement for our NEV solutions business led by its sales growth and production capacity expansion. Such adjustments were partially offset by (i) an increase in trade and notes receivables of RMB275.2 million and (ii) an increase in inventories of RMB74.6 million.

In 2023, our net cash generated from operating activities was RMB7.9 million. Our loss before tax of RMB109.8 million was adjusted to reflect primarily (i) non-cash items of depreciation of property, plant and equipment of RMB62.9 million and finance costs of RMB30.6 million; and (ii) working capital adjustments for a decrease in trade and notes receivables of RMB75.4 million, a decrease in other payables and accruals of RMB49.7 million and a decrease in inventories of RMB21.6 million. Such adjustments were partially offset by a decrease in trade and notes payables of RMB130.4 million mainly because of our decreased raw material procurement.

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In view of our net operating cash outflows in 2024, we plan to improve such position by (i) generating additional cash inflows by expanding our business scale, including further penetration into new application scenarios and continued growth of our customer base; (ii) enhancing cost efficiency by implementing measures to control costs and operating expenses, such as improving our production technology; and (iii) improving our working capital management efficiency by strengthening the management of trade and notes receivables and inventories. For example, we plan to enhance our credit assessment mechanism and regularly review our credit policies to ensure they remain aligned with our business and market conditions. Our management will continue to actively monitor our cashflows according to the market condition, overall performance of our business, our expansion plans and the availability of the banking facilities.

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Investing Activities

In 2025, our net cash used in investing activities was RMB110.9 million. This net cash outflow was primarily attributable to purchase of property, plant and equipment of RMB132.1 million; partially offset by (i) proceeds from disposal of financial assets at FVOCI of RMB16.0 million, and (ii) proceeds from sales of financial assets at FVPL of RMB12.9 million.

In 2024, our net cash used in investing activities was RMB147.7 million. This net cash outflow was primarily attributable to (i) purchase of property, plant and equipment of RMB155.3 million; and (ii) purchase of financial assets at FVPL of RMB7.0 million; partially offset by proceeds from sales of financial assets at FVPL of RMB20.9 million.

In 2023, our net cash used in investing activities was RMB111.2 million. This net cash outflow was primarily attributable to (i) purchase of property, plant and equipment of RMB107.6 million, (ii) additions of other intangible assets of RMB15.8 million, and (iii) purchase of financial assets at FVPL of RMB11.0 million; partially offset by proceeds from sales of financial assets at FVPL of RMB21.0 million.

Financing Activities

In 2025, our net cash generated from financing activities was RMB49.6 million. This net cash inflow was attributable to new bank borrowings of RMB710.0 million; partially offset by (i) repayment of bank borrowings of RMB630.7 million; and (ii) interest on bank borrowings of RMB22.7 million.

In 2024, our net cash generated from financing activities was RMB286.7 million. This net cash inflow was primarily attributable to (i) new bank borrowings of RMB626.2 million, and (ii) proceeds from issue of shares of RMB300.0 million; partially offset by (i) repayment of bank borrowings of RMB607.0 million, and (ii) interest on bank borrowings of RMB24.2 million.

In 2023, our net cash generated from financing activities was RMB77.3 million. This net cash inflow was primarily attributable to new bank borrowings of RMB621.0 million; partially offset by (i) repayment of bank borrowings of RMB504.0 million, and (ii) interest on bank borrowings of RMB30.1 million.

Net Current Liabilities

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
				(unaudited)
				(RMB'000)
Current assets				
Inventories	274,476	329,426	265,645	312,040
Trade and notes receivables	492,036	636,479	621,587	440,503
Prepayments, other receivables and other assets	52,936	51,048	45,702	63,112
Financial assets at FVPL	25,903	20,449	14,213	24,676
Debt investments at FVOCI	33,954	3,885	30,172	12,705
Restricted bank deposits	15,098	13,414	23,607	12,583
Cash and cash equivalents	37,329	46,216	87,694	66,314
Total current assets	931,732	1,100,917	1,088,620	931,933

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	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB'000)			(unaudited)
Current liabilities				
Interest-bearing bank borrowings . . .	548,532	515,301	627,972	624,203
Trade and notes payables.	619,146	766,790	762,380	666,444
Other payables and accruals	171,949	151,836	127,412	86,976
Contract liabilities	24,161	21,727	23,071	26,609
Provisions	4,200	7,189	3,308	3,260
Lease liabilities	4,110	5,187	3,162	3,426
Tax payables.	1,000	21	329	704
Total current liabilities	1,373,098	1,468,051	1,547,634	1,411,622
Net current liabilities	(441,366)	(367,134)	(459,014)	(479,689)

We recorded net current liabilities of RMB479.7 million as of March 31, 2026, representing an increase of RMB20.7 million from RMB459.0 million as of December 31, 2025.

We recorded net current liabilities of RMB459.0 million as of December 31, 2025, representing an increase of RMB91.9 million from RMB367.1 million as of December 31, 2024. The increase was primarily due to (i) an increase of RMB112.7 million in interest-bearing bank borrowings; and (ii) a decrease of RMB63.8 million in inventories attributable to more stable procurement and production activities in 2025 and optimized inventory management, which were partially offset by an increase of RMB41.5 million in cash and cash equivalents.

We recorded net current liabilities of RMB367.1 million as of December 31, 2024, representing a decrease of RMB74.2 million from RMB441.4 million as of December 31, 2023. The decrease was primarily due to (i) an increase of RMB144.4 million in trade and notes receivables associated with the growth of our NEV product sales; and (ii) an increase of RMB55.0 million in inventories, which were partially offset by an increase of RMB147.6 million in trade and notes payables mainly in relation to increased raw material procurement for our NEV solutions business led by its sales growth and production capacity expansion.

Our net current liabilities position as of December 31, 2023, 2024 and 2025 and March 31, 2026 was primarily due to:

- the net loss position of RMB112.2 million, RMB177.0 million and RMB61.9 million we recorded in 2023, 2024 and 2025, respectively. In particular, our NEV solutions business, accounting for 30.1%, 48.8% and 50.7% of our total revenue in each period, recorded gross loss of RMB77.9 million and RMB7.8 million in 2023 and 2024, respectively, and achieved gross profit turnaround of RMB7.6 million in 2025; and
- the increased amount of the current portion of the long-term interest-bearing bank borrowings as the repayment dates of the long-term bank borrowings approach. We have incurred such long-term interest-bearing bank borrowings to fund significant capital investments in the expansion of our production facilities, establishment of additional production lines and the purchase of equipment (such as land use rights purchase, construction and renovation costs, equipment procurement costs). As a result, we acquired increased non-current assets during the Track Record Period, particularly in property, plant and equipment.

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In view of the above, we have (i) established a financial-risk-early-warning mechanism that monitors and analyzes key financial metrics to promptly detect potential risks and enable preemptive countermeasures, (ii) strengthened collaboration among internal departments (including finance, procurement and sales) through cross-departmental information sharing and coordinated efforts, thereby enhancing our overall capability to manage liquidity risk, and (iii) created a rolling cash flow forecast that tracks both payables and receivables, enabling improved cash flow efficiency and better working capital management. We intend to adopt measures to narrow our net current liabilities position and to turn into net current assets position going forward. See “— Working Capital Sufficiency” for more details.

Working Capital Sufficiency

During the Track Record Period, we met our working capital requirements mainly from cash generated from operations, interest-bearing bank borrowings and equity financing.

Taking into account the financial resources available to us, including cash flow from operating activities, banking facilities and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements for the next 12 months from the date of this document, and fund our operations until we achieve net profit break-even and record operating cash inflows, based on the following factors:

- *Revenue growth and cash flow generated from operations.* As we continue to grow our business and our NEV solutions business continues to generate increasing revenue and show sound growth momentum, we expect to generate a steady inflow of cash from operations in the foreseeable future, which will be applied to our working capital. In particular, (i) our NEV solutions business started to generate gross profit in 2025; and (ii) our other two main business lines, including specialized precision electric drive systems and industrial automation solutions, maintained relatively stable gross profit, totaling RMB227.3 million, RMB220.5 million and RMB231.6 million in 2023, 2024 and 2025, respectively. We believe as we further expand our business scale, especially with the further ramp-up of our NEV solutions business, we are well positioned to enhance economies of scale, and improve our results of operations, including our profit margin and liquidity position.
- *Bank facilities.* We intend to monitor and control our short-term and long-term borrowings in light of actual business needs in order to optimize our liability position. As of March 31, 2026, we had committed but unutilized banking facilities of RMB1,528.2 million.
- *Net [REDACTED] from the [REDACTED].* We expect to receive net [REDACTED] from the [REDACTED] of approximately [REDACTED] based on an [REDACTED] of [REDACTED] per H Share (being the mid-point of the [REDACTED] range stated in this document).
- *Stringent cash management.* As of December 31, 2025 and March 31, 2026, we had RMB87.7 million and RMB66.3 million, respectively, in cash and cash equivalents. We closely monitor and diligently review our cash position and cash requirements on a regular basis to determine the usage and allocation of cash in our operations, optimize our capital structure and meet our working capital needs.

Based on the foregoing and the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause it to disagree with the Directors’ view with regard to the sufficiency of working capital.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults in payment of trade and non-trade payables, interest-bearing bank borrowings or other financing obligations.

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Our cash burn rate refers to the average monthly aggregate amount of (i) net cash generated from/(used in) operating activities, (ii) payments for purchase of property, plant and equipment, (iii) payments for purchase of other intangible assets, and (iv) lease payments. Our historical cash burn rate was RMB10.2 million, RMB24.5 million and RMB3.2 million in 2023, 2024 and 2025, respectively. We had relatively higher cash burn rate in 2024, primarily due to (i) uncollectible trade receivables from the distressed customer and increased working capital requirements associated with the ramp up of NEV solutions business, which led to net cash outflows from operating activities in 2024; and (ii) higher capital expenditures on property, plant and equipment during the same period.

We had cash and cash equivalents of RMB87.7 million, current financial assets at FVPL of RMB14.2 million, restricted bank deposits of RMB23.6 million, debt investments at FVOCI of RMB30.2 million and committed but unutilized banking facilities of RMB1,628.0 million as of December 31, 2025. We estimate that we will receive net [REDACTED] of approximately [REDACTED] (equivalent to approximately [REDACTED]) after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming that the [REDACTED] is not exercised and based on an [REDACTED] of [REDACTED] per H Share (being the mid-point of the [REDACTED] range stated in this document). Assuming that the average cash burn rate going forward will be similar to the level in 2025, and based on the assumptions that (i) we do not expect a significant increase in workforce headcount; and (ii) before securing new financing, we will control the scale of expansion to avoid large short-term capital expenditures and continue to align spending with the pace of business growth, we estimate that our cash and cash equivalents, current financial assets at FVPL, restricted bank deposits and debt investments at FVOCI and committed but unutilized banking facilities as of December 31, 2025 will be able to maintain our financial viability for approximately [REDACTED]. If we take into account 10% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general purposes), this period extends to approximately [REDACTED]; and if we take into account 100% of the estimated net [REDACTED] from the [REDACTED], it extends to approximately [REDACTED]. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily for purchase of property, plant and equipment in connection with our production capacity expansion. In 2023, 2024 and 2025, we recorded capital expenditures of RMB123.4 million, RMB158.6 million, and RMB136.8 million, respectively.

During the Track Record Period, we funded our capital expenditures primarily with cash generated from operating activities, bank borrowings and equity financing. We intend to fund our planned capital expenditures through a combination of cash generated from operations, bank borrowings, equity financing and net [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED].” Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in the PRC, the availability of financing on terms acceptable to us and changes in the regulatory environment in the PRC. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)		
Purchase of property, plant and equipment	107,590	155,278	132,144
Purchase of other intangible assets	15,840	3,368	4,641
Total	123,430	158,646	136,785

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INDEBTEDNESS

During the Track Record Period, our indebtedness mainly consisted of interest-bearing bank borrowings and lease liabilities. As of March 31, 2026, being the latest practicable date for the purpose of the indebtedness statement, except as disclosed in this document, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. Our Directors confirm that there had been no material change in our indebtedness position since March 31, 2026 and up to the Latest Practicable Date.

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
				(unaudited)
	(RMB'000)			
Current				
Interest-bearing bank borrowings . . .	548,532	515,301	627,972	624,203
Lease liabilities	4,110	5,187	3,162	3,426
Non-current				
Interest-bearing bank borrowings . . .	276,621	326,658	333,335	361,231
Lease liabilities	8,616	11,076	7,136	6,484
Total	837,879	858,222	971,605	995,344

Interest-Bearing Bank Borrowings

During the Track Record Period, we obtained bank loans to finance our capital expenditures and working capital requirements. In addition, to a lesser extent, we incurred factoring borrowings from commercial banks in 2025 in connection with the reverse factoring arrangement we entered into with some suppliers. All of our interest-bearing bank borrowings are denominated in RMB and typically have terms ranging from one year to five years, with effective interest rates ranging from 2.45% to 4.3% per annum. Certain of our bank loans are secured by (i) mortgages over our properties, plant and equipment situated in the Chinese Mainland, which had an aggregate carrying value of approximately RMB365.5 million, RMB311.8 million and RMB415.5 million as of December 31, 2023, 2024 and 2025, respectively; and (ii) mortgages over our leasehold land situated in the Chinese Mainland, which had an aggregate carrying value of approximately RMB65.7 million, RMB70.9 million and RMB60.5 million as of December 31, 2023, 2024 and 2025, respectively. Certain of our bank loans, with an effective interest rate of 0.8% per annum, are related to discounted notes receivables that are not derecognized. See Note 45 to the Accountants' Report included in Appendix I to this document for further details, including the maturity profile. As of March 31, 2026, we had committed but unutilized banking facilities of RMB1,528.2 million.

As of December 31, 2023, 2024 and 2025, our interest-bearing bank borrowings amounted to RMB825.2 million, RMB842.0 million and RMB961.3 million, respectively. The continual increase in our interest-bearing bank borrowings was mainly attributable to (i) significant capital investments in construction projects and equipment procurement to expand our production capacity, including (a) constructing Beilun facility for industrial control segment, which is expected to commence operation in 2026, and (b) establishing Ganzhou production facility and implementing other production line expansion projects in our facilities for NEV segment; (ii) factoring borrowings incurred in 2025; and (iii) working capital needs from our growing business scale. As of March 31, 2026, we had interest-bearing bank borrowings of RMB985.4 million.

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Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

We are the lessee in respect of certain properties held under leases for our production premises and offices during the Track Record Period. At the lease commencement date, we recognize a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. For more details, see Notes 2.3 and 16 to the Accountants’ Report included in Appendix I to this document.

As of December 31, 2023, 2024 and 2025, our lease liabilities amounted to RMB12.7 million, RMB16.3 million and RMB10.3 million, respectively. As of March 31, 2026, we had lease liabilities of RMB9.9 million.

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

CAPITAL COMMITMENTS

The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB'000)		
Contracted, but not provided for items of property, plant and equipment	254,287	124,036	79,215

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in Note 43 of the Accountants’ Report included in Appendix I to this document. All of the amounts due to/from the related parties are trade in nature.

Our Directors are of the view that each of the related party transactions set out in Note 43 to the Accountants’ Report included in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our results of operations or make our historical results not reflective of our future performance.

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KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the periods indicated:

	Year ended/As of December 31,		
	2023	2024	2025
Current ratio ⁽¹⁾	0.68	0.75	0.70
Quick ratio ⁽²⁾	0.48	0.53	0.53
Gearing ratio ⁽³⁾	2.61	1.93	2.55
Gross margin ⁽⁴⁾	14.3%	16.1%	16.8%
Adjusted EBITDA margin (non-HKFRS measure) ⁽⁵⁾	(0.3)%	(4.8)%	4.7%

Notes:

- (1) Current ratio equals total current assets divided by total current liabilities of the same date.
- (2) Quick ratio equals total current assets less inventories divided by total current liabilities of the same date.
- (3) Gearing ratio equals total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity of the same date.
- (4) Gross margin equals gross profit for the year divided by revenue and multiplied by 100%.
- (5) Adjusted EBITDA margin (non-HKFRS measure) is calculated as adjusted EBITDA (non-HKFRS measure) divided by revenue and multiplied by 100%. See “— Description of Key Consolidated Statements of Profit or Loss Items — Non-HKFRS Measures” for a reconciliation of loss before tax to adjusted EBITDA (non-HKFRS measure).

Current Ratio

Our current ratio increased from 0.68 as of December 31, 2023 to 0.75 as of December 31, 2024, primarily due to the increase in our current assets, in which trade and notes receivables as well as inventories increased in line with the growth of our NEV solutions business. Our current ratio then decreased to 0.70 as of December 31, 2025, primarily due to an increase in our current liabilities as we had more interest-bearing bank borrowings.

Quick Ratio

Our quick ratio increased from 0.48 as of December 31, 2023 to 0.53 as of December 31, 2024, primarily due to an increase in trade and notes receivables in line with the growth of our NEV solutions business. Our quick ratio remained stable at 0.53 as of December 31, 2025.

Gearing Ratio

Our gearing ratio decreased from 2.61 as of December 31, 2023 to 1.93 as of December 31, 2024, mainly due to our increase in reserves. Our gearing ratio then increased to 2.55 as of December 31, 2025, mainly due to the increase in our interest-bearing bank borrowings.

FINANCIAL RISK AND CAPITAL MANAGEMENT

Our Group’s principal financial instruments comprise interest-bearing bank borrowings, financial assets at FVPL as well as cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities which arise directly from our operations.

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The main risks arising from our Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each risk, and we monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. The primary objectives of our capital management are to safeguard our Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders’ value. We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may issue new shares, make borrowings or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period. For details, see Note 47 to the Accountants’ Report included in Appendix I to this document.

DIVIDENDS

During the Track Record Period, we did not declare or paid any dividends. As of the Latest Practicable Date, we did not have a specific dividend policy or a predetermined dividend payout ratio. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a payment of dividends in the future after taking into account a number of factors, including our earnings, capital requirements, overall financial conditions, contractual and applicable legal restrictions and other factors which they may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, including the approval of our Shareholders.

According to the PRC Company Law, 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. As confirmed by our PRC Legal Advisor, we will only be able to declare or pay 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. We may stop allocate the net profit when the aggregate balance of the statutory common reserve fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

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

[REDACTED] EXPENSES

Our [REDACTED] expenses include mainly [REDACTED] commissions, legal and other professional fees paid and payable to professional parties, and printing and other expenses for their services rendered in relation to the [REDACTED] and the [REDACTED]. We expect to incur a total of approximately [REDACTED] of [REDACTED] expenses in connection with the [REDACTED], representing approximately [REDACTED] of the gross [REDACTED] from the [REDACTED] (based on an [REDACTED] of [REDACTED] per H Share, being the mid-point of our indicative price range for the [REDACTED], and assuming that the [REDACTED] is not exercised), among which (a) [REDACTED] expenses, including [REDACTED] commission and other expenses, are expected to be approximately [REDACTED] and (b) [REDACTED] expenses are expected to be approximately [REDACTED], comprising (1) fees and expenses of legal advisors and accountants of approximately [REDACTED] and (2) other fees and expenses of approximately [REDACTED].

Out of the expected [REDACTED] expenses of approximately [REDACTED], approximately [REDACTED] is expected to be recognized in the consolidated statements of profit or loss and approximately [REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED]. During the Track Record Period, we recorded [REDACTED]

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expenses of [REDACTED], among which [REDACTED] as administrative expenses in our consolidated statements of profit or loss in 2025, and [REDACTED] as prepayments, other receivables and other assets in the consolidated statements of financial position as of December 31, 2025.

The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of our latest audited financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.