You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants' Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document. For further details, see "Forward-Looking Statements."

OVERVIEW

We are a globally leading new energy materials company specialized in the R&D and manufacturing of advanced functional current collectors. Leveraging our proprietary technologies and R&D capabilities across the entire current collector value chain, we provide battery manufacturers and EV OEMs with advanced functional current collector products and technology solutions. As the lithium-ion battery industry enters the "TWh Era," downstream market participants are imposing increasingly stringent requirements on technical specifications and performance metrics in terms of safety, energy density, cycle life, cost and charging speed. To address these requirements, we develop and supply advanced functional current collectors designed to enhance safety and energy density while reducing costs and minimizing the consumption of natural resources and energy.

We experienced robust growth during the Track Record Period. Our revenue increased significantly from RMB21.9 million in 2023 to RMB258.0 million in 2024, and further increased to RMB578.6 million in 2025. Our gross loss margin was 40.1%, 24.4% and 8.6% in 2023, 2024 and 2025, respectively. We continued to improve our net loss position during the Track Record Period. As we were still in the ramp-up phase of business and continued to invest heavily in R&D and sales and marketing to support future growth, we recorded loss before income tax of RMB210.7 million, RMB243.6 million and RMB336.2 million in 2023, 2024 and 2025, respectively. Our adjusted net loss (non-IFRS measure) was RMB143.3 million, RMB243.1 million and RMB283.2 million in 2023, 2024 and 2025, respectively. See "— Description of Major Components of Our Results of Operations — Non-IFRS Measure" for details.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and bills receivables, which have been measured at fair value at the end of each of year of the Track Record Period.

The preparation of historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 3 to the Accountants' Report included in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, some of which are beyond our control, including the following:

General Factors

Our business and operating results are impacted by general factors affecting the development of the advanced functional current collector market, which mainly include:

- Overall economic growth;
- Relevant laws and regulations, governmental policies and initiatives;
- Technological advancement in advanced functional current collectors, their applications and market acceptance; and
- Competitive landscape of the advanced functional current collector market.

Company-Specific Factors

Our business and results of operations are also affected by a number of key factors specific to our Group, which mainly include:

Our ability to effectively leverage the growing market demand for lithium-ion batteries and current collector materials

Our results of operations are primarily affected by the demand for lithium-ion batteries and advanced functional current collector materials, particularly driven by the rapid growth of the new energy vehicle and energy storage sectors. According to Frost & Sullivan, the global shipment volume of lithium-ion batteries increased from 554.0 GWh in 2021 to 2,224.6 GWh in 2025, representing a CAGR of 41.6%. With ongoing technological advancements and cost reductions, the lithium-ion battery market is expected to expand further. It is expected that shipments of lithium-ion batteries will reach 8,235.0 GWh by 2031, with a CAGR of 21.9% between 2026 and 2031. As technological iteration accelerates across the lithium-ion battery industry, downstream applications are placing increasingly stringent requirements on energy density, safety and cost for batteries. Advanced functional current collectors, characterized by their light weight, high safety and low cost, are gradually becoming a key material for further enhancement of lithium-ion batteries performance.

During the Track Record Period, our revenue increased significantly from RMB21.9 million in 2023 to RMB258.0 million in 2024, and further increased to RMB578.6 million in 2025. In addition, ongoing technological iteration in composite current collectors is reshaping the demand structure, providing significant room for future business expansion. Emerging applications of advanced functional current collector materials in sectors such as aerospace, photovoltaic and high-end electronics are expected to further expand the demand for our products. Furthermore, the development of next-generation battery technologies, including solid-state batteries and ultrafast charging systems, is anticipated to create additional opportunities for advanced functional current collectors, reinforcing our growth potential. Any fluctuations in the market demand for lithium-ion batteries, or advanced materials may directly affect our sales volume and revenue growth.

Our ability to compete effectively in the advanced functional current collector market

The competitive landscape of the advanced functional current collector market, especially for FICC and ADCC, materially affects our results of operations and financial condition. According to Frost & Sullivan, by 2031, the penetration rate of Cu composite current collectors is projected to reach 8.5%, while that of Al composite current collectors is expected to reach 6.6%. By 2031, the penetration rate of Al-FICC is anticipated to reach 62.8%, and that of Cu-FICC is projected to reach 26.4%. The demand for advanced functional current collectors is anticipated to surge, fundamentally transforming the application paradigm of traditional current collector materials. According to Frost & Sullivan, we ranked third globally among manufacturers of FICC by shipment volume in 2025. With an annual production capacity of 62.9 million sq.m, we ranked first globally among composite current collector manufacturers as of December 31, 2025.

The majority of pricing pressure in the current competitive environment arises from FICC, as rapid adoption and increased production capacity among market participants have led to intensified price competition. This has resulted in reduced product prices and compressed margins, contributing to relatively low gross profit margins for suppliers in this segment. In addition, ADCC represent an emerging high-performance category with significant technological barriers and higher R&D costs. While this segment currently commands premium pricing due to its advanced properties and limited supply, competition is expected to intensify as more players enter the market and scale production. Our ability to maintain technological leadership and cost efficiency in both functional interface and ADCC will be critical to sustaining our market position and profitability.

Any inability to compete effectively in these segments, whether due to pricing pressure, technological lag or capacity constraints, would materially affect our results of operations and financial condition.

Our ability to sustain investment in R&D and successfully commercialize our innovations

Our results of operations are significantly affected by our ability to sustain long-term investment in R&D and to successfully convert R&D efforts into commercially viable products. We have historically invested substantial resources in developing advanced functional current collector technologies, which offer superior performance in terms of conductivity, safety and weight reduction compared with traditional materials. During the Track Record Period, we committed significant R&D expenditure to build proprietary capabilities in atomic deposition processes and composite material engineering, laying the foundation for our differentiated product portfolio.

The continued commercial success of our ADCC is critical to our growth strategies. While these products currently represent a high-value segment with strong market potential, their adoption depends on our ability to overcome technical challenges, scale production efficiently and meet evolving customer requirements. Failure to achieve timely commercialization or to maintain technological leadership could adversely affect our revenue growth and profitability.

Looking ahead, we expect market demand for advanced functional current collectors to become increasingly technology-intensive, driven by next-generation battery applications such as solid-state batteries and ultrafast charging systems. To maintain competitiveness, we must continue to allocate significant resources to R&D, accelerate product iteration and expand our application scenarios. Sustained investment and successful commercialization will be essential to broaden our addressable market, enhance customer stickiness and reinforce our leadership in the advanced functional current collector market.

Our ability to manage costs and expenses to improve operating efficiency

Our future profitability depends significantly on our ability to control costs and operating expenses, which are affected by a number of factors, such as costs of raw materials and production, as well as our operating efficiency. Our cost of sales as a percentage of our total revenue decreased from 140.1% in 2023 to 124.4% in 2024, and further decreased to 108.6% in 2025. During the Track Record Period, our cost of sales primarily consisted of cost of raw materials and consumables. Changes in any major component of our cost of sales and our overall cost structure could have an impact on our gross profit or loss, and relevant margin. The procurement costs for raw materials may fluctuate due to a number of factors beyond our control, such as supply chain disruptions and inflation, and we are susceptible to significant changes in the availability, price and standard of critical raw materials. We have implemented a series of cost control measures, including reducing roll changeover frequency, increasing trial production to improve material utilization and yield, enhancing coating speed to increase unit capacity and optimizing equipment utilization. We also focus on improving overall production efficiency and collaborate closely with equipment suppliers to jointly develop process improvements and advanced machinery. These initiatives aim to reduce costs and strengthen operating efficiency. We believe that as we achieve higher levels of economies of scale, our costs and operating expenses as a percentage of our total revenue will further decrease.

We are constantly improving our operating efficiency and optimizing the allocation of our resources. Our operating expenses, comprising selling expenses, administrative expenses and R&D expenses, decreased as a percentage of revenue from 64.2% in 2024 to 46.9% in 2025, indicating improved operating efficiency. We believe that as we achieve a higher level of economies of scale, our costs and operating expenses as a percentage of our total revenue will further decrease.

Our ability to acquire customers and successfully pursue our customer selection strategies

Our results of operations may be affected by our customer acquisition, retention and collaboration strategies. We initially built up our customer base during the early stage of our development in 2022 and have continued to deepen our collaboration with these customers. As of December 31, 2023, 2024 and 2025, we served 54, 147 and 231 customers globally, representing a significant increase in our customer base during these years. As our market position has strengthened and our manufacturing capability has improved, we have increasingly focused on acquiring and serving more established customers and those whose order profiles align with our production strategies. For example, we have directed marketing efforts toward customers with wider product specifications and higher order volumes, which typically offer better commercial terms, higher margins and lower fulfillment costs. Our ability to effectively execute these strategies and maintain long-term relationships with high-quality customers will be critical to sustaining revenue growth and improving profitability.

MATERIAL ACCOUNTING POLICY INFORMATION, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of our financial statements requires our management 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. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Actual results could differ from those estimates. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other factors that we believe to be relevant under the circumstances. Our management has discussed the development, selection and disclosure of these estimates with our Board of Directors. Since our financial reporting process inherently relies on the use of estimates and assumptions, actual results may differ from these estimates under different assumptions or conditions. When reviewing our financial statements, our investors should consider the judgments and uncertainties affecting the application of key accounting policies and the sensitivity of reported results and changes in estimates caused by the application of accounting policies. Our material accounting policy information, significant accounting estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the years presented:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Revenue	21,946	257,983	578,626
Cost of sales	(30,742)	(320,905)	(628,287)
Gross loss	(8,796)	(62,922)	(49,661)
Other income and gains	9,321	6,739	8,095
Other expenses	—	—	(1,017)
Selling expenses	(13,040)	(20,209)	(22,873)
Administrative expenses	(115,971)	(51,706)	(102,015)
R&D expenses	(66,238)	(93,618)	(146,579)
Impairment of financial assets	—	(2,832)	(4,772)
Finance costs	(16,010)	(19,079)	(17,410)
Loss before tax	(210,734)	(243,627)	(336,232)
Income tax credit/(expense)	929	518	(318)
Loss for the year	(209,805)	(243,109)	(336,550)
Attributable to:			
Owners of the Company	(209,805)	(243,109)	(336,550)
Other comprehensive loss			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	—	(64)	(276)
Other comprehensive loss for the year, net of tax	—	(64)	(276)
Total comprehensive loss for the year attributable to owners of the Company	(209,805)	(243,173)	(336,826)

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, nor presented in accordance with, IFRS Accounting Standards. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. We define adjusted net loss (non-IFRS measure) as net loss for the year adjusted by adding back share-based payment expenses and **[REDACTED]** incurred in connection with the **[REDACTED]**.

The following table reconciles our adjusted net loss (non-IFRS measure) for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards, which is net loss for the year:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Loss for the year	(209,805)	(243,109)	(336,550)
Add:			
Share-based payment expenses[1]	66,463	—	35,484
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-IFRS measure)	**(143,342)**	**(243,109)**	**(283,172)**

Notes:

(1) Share-based payment expenses represented the non-cash employee benefit expenses incurred in connection with our award to directors, management and employees.

[REDACTED]

As we remained in the ramp-up phase of our business and continued to invest in expanding our operations, we recorded net losses of RMB209.8 million in 2023, RMB243.1 million in 2024 and net loss of RMB336.6 million in 2025. Our adjusted net loss (non-IFRS measure), which excludes share-based payment expenses and **[REDACTED]**, was RMB143.3 million, RMB243.1 million and RMB283.2 million in the same respective years. These losses primarily reflected significant investments in business expansion and operating expenses, including costs and expenses associated with the expansion of production capacity, R&D expenses, and selling expenses and administrative expenses to support our growth and strengthen our market presence.

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We generated revenue from (i) sales of products, consisting primarily of FICC, ADCC, other products and byproducts generated during our production process, and (ii) provision of technology solutions in connection with our ADCC products. The following table sets forth our revenue breakdown in absolute amount and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Sales of products	21,946	100.0	250,248	97.0	548,541	94.8
FICC	19,629	89.4	235,143	91.1	491,262	84.9
ADCC	572	2.6	1,796	0.7	1,849	0.3
Other products[1]	—	—	42	0.1	16,092	2.8
Byproducts[2]	1,745	8.0	13,267	5.1	39,338	6.8
Provision of technology solutions	—	—	7,735	3.0	30,085	5.2
Total	**21,946**	**100.0**	**257,983**	**100.0**	**578,626**	**100.0**

Notes:

(1) Other products primarily included bipolar current collectors and battery cells.

(2) Byproducts mainly represented offcuts and scrap materials.

Sales of Products

Revenue generated from the sales of products was RMB21.9 million, RMB250.2 million and RMB548.5 million in 2023, 2024 and 2025, respectively, accounting for 100.0%, 97.0% and 94.8% of our total revenue in each respective year. The significant increase in revenue from product sales during the Track Record Period was primarily attributable to (i) increases in domestic customer orders as a result of growing recognition of our technology capabilities and product quality, early-stage customer collaboration and co-development initiatives and our sales and marketing efforts, (ii) the expansion of our production capacity as we added new production lines between 2023 and 2025 and continued to invest in research and development to support higher production volume and customer demand, and (iii) our efforts to explore overseas markets, which contributed to incremental sales and broadened our customer base internationally.

Provision of Technology Solutions

We also generated revenue from provision of technology solutions during the Track Record Period. Such revenue was primarily derived from product prototyping projects provided to certain overseas customers. These technology solutions were related to characterization and evaluation of our ADCC products to meet customer-specific performance requirements.

Revenue by Geographic Location

We began to expand into overseas markets in 2023. Our overseas activities primarily comprised product sales and the provision of technology solutions for ADCC. The following table sets forth a breakdown of our revenue by geographical location, each expressed in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Chinese Mainland	21,611	98.5	248,673	96.4	459,318	79.4
Asia-Pacific (excluding Chinese Mainland)	204	0.9	1,232	0.5	89,019	15.4
Europe	—	—	7,735	3.0	29,977	5.2
Americas	131	0.6	343	0.1	312	0.0
Total	**21,946**	**100.0**	**257,983**	**100.0**	**578,626**	**100.0**

Cost of Sales

Our cost of sales primarily consisted of (i) raw materials, consumables and services provided for product manufacturing, (ii) staff costs for employees engaged in production and (iii) depreciation costs. The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Cost of raw materials, consumables and services provided	18,632	60.6	256,465	80.0	499,202	79.5
Staff costs	3,512	11.4	22,507	7.0	47,107	7.5
Manufacturing overheads	3,085	10.1	25,120	7.8	56,800	9.0
Depreciation	5,513	17.9	16,813	5.2	25,178	4.0
Total	**30,742**	**100.0**	**320,905**	**100.0**	**628,287**	**100.0**

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

The following table sets forth our gross profit/(loss) in absolute amounts and gross profit/(loss) margin for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Sales of products	(8,796)	(40.1)	(65,378)	(26.1)	(69,089)	(12.6)
Provision of technology solutions	—	—	2,456	31.8	19,428	64.6
Total	**(8,796)**	**(40.1)**	**(62,922)**	**(24.4)**	**(49,661)**	**(8.6)**

While we experienced significant growth during the Track Record Period, we incurred gross loss throughout the Track Record Period. Our gross loss increased from RMB8.8 million in 2023 to RMB62.9 million in 2024. The increase in gross loss in absolute terms from 2023 to 2024 was in line with the increase in sales volume and revenue scale. Our gross loss decreased from RMB62.9 million in 2024 to RMB49.7 million in 2025, primarily as a result of cost control measures and our economies of scale. Our gross loss was mainly attributable to (i) our initial stage of ramping up production capacity to improve capacity utilization and achieve stable mass production; and (ii) the impact of fewer sales during our initial stage of development in 2023, which did not generate proportional revenue. Our gross loss margin decreased from 40.1% in 2023 to 24.4% in 2024 and further to 8.6% in 2025. We continued to narrow our gross loss margin primarily due to improvement in our production capacity, efficiency and utilization, which allowed us to manage production cost and improve raw material utilization.

Selling Expenses

Our selling expenses primarily comprised (i) salaries and benefits for our sales and marketing staff, (ii) business development expenses, (iii) share-based payment expenses for our sales and marketing staff, and (iv) traveling expenses. Our selling expenses were RMB13.0 million, RMB20.2 million and RMB22.9 million, accounting for 59.4%, 7.8% and 4.0% of our revenue in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our selling expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Staff salaries and benefits	3,518	27.0	9,148	45.3	10,498	45.9
Business development expenses	3,201	24.5	5,746	28.4	4,685	20.5
Share-based payment expenses	—	—	—	—	2,523	11.0
Traveling expenses	1,627	12.5	3,740	18.5	3,285	14.4
Marketing expenses	4,625	35.5	1,467	7.3	1,140	5.0
Others[1]	69	0.5	108	0.5	742	3.2
Total	**13,040**	**100.0**	**20,209**	**100.0**	**22,873**	**100.0**

Note:

(1) Others mainly included depreciation expenses.

Administrative Expenses

Our administrative expenses primarily comprised (i) salaries and benefits for our administration staff, (ii) share-based payment expenses for our administration staff, (iii) **[REDACTED]** and (iv) office & utilities expenses. Our administrative expenses were RMB116.0 million, RMB51.7 million and RMB102.0 million, accounting for 528.4%, 20.0% and 17.6% of our revenue in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our administrative expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Staff salaries and benefits	19,405	16.7	23,876	46.2	28,175	27.6
Share-based payment expenses	66,463	57.3	—	—	23,302	22.8
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Office & utilities expenses	7,138	6.2	7,327	14.2	9,578	9.4
Professional fees	8,259	7.1	2,131	4.1	6,538	6.4
Depreciation	4,686	4.1	6,388	12.4	6,269	6.2
Traveling & hospitality expenses	6,724	5.8	6,010	11.6	5,141	5.0
Others[(1)]	3,296	2.8	5,974	11.5	5,118	5.0
Total	**115,971**	**100.0**	**51,706**	**100.0**	**102,015**	**100.0**

Note:

(1) Others mainly included business taxes and surcharges and short-term rental expenses.

R&D Expenses

Our R&D expenses primarily comprised (i) staff salaries and benefits for our R&D staff, (ii) depreciation, (iii) cost of materials and consumables used in R&D activities and (iv) utility fees. R&D expenses were RMB66.2 million, RMB93.6 million and RMB146.6 million, accounting for 301.8%, 36.3% and 25.3% of our revenue in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our R&D expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Staff salaries and benefits	22,936	34.6	25,672	27.4	50,958	34.8
Depreciation	11,593	17.5	16,339	17.5	29,127	19.9
Materials and consumables	18,986	28.7	30,987	33.1	21,281	14.5
Utility fees	7,977	12.0	13,362	14.3	18,651	12.7
Share-based payment expenses	—	—	—	—	9,659	6.6
Professional service fees	3,091	4.7	4,409	4.7	8,103	5.5
Others[(1)]	1,655	2.5	2,849	3.0	8,800	6.0
Total	**66,238**	**100.0**	**93,618**	**100.0**	**146,579**	**100.0**

Note:

(1) Others mainly included office expenses, travelling expenses for R&D personnel and maintenance expenses.

Other Income and Gains

Our other income and gains primarily consists of government subsidies. The following table sets forth a breakdown of our other income and gains for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Other income			
Government grants and subsidies	2,632	1,522	5,003
Bank interest income	1,481	1,294	1,273
Investment income from financial assets at fair value through profit or loss ("**FVTPL**")	4,526	3,071	879
Others	10	415	339
Subtotal	**8,649**	**6,302**	**7,494**
Gains			
Foreign exchange gains	672	437	—
Fair value gain on financial asset at FVTPL	—	—	601
Total	**9,321**	**6,739**	**8,095**

Impairment of Financial Assets

Our impairment of financial assets represented the expected credit loss on trade receivables, and amounted to nil, RMB2.8 million and RMB4.8 million in 2023, 2024 and 2025, respectively.

Finance Costs

Finance costs primarily comprised interest on bank and other borrowings and interest on lease liabilities. Our finance costs were RMB16.0 million, RMB19.1 million and RMB17.4 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Interest on other borrowings	8,219	10,851	9,481
Interest on lease liabilities	7,753	7,883	7,576
Interest on bank borrowings	38	345	353
Total	**16,010**	**19,079**	**17,410**

Income Tax Credit/Expense

We will incur income tax expenses when we generate taxable income under the applicable tax laws and regulations in the jurisdictions where we operate. We also recognized income tax credit, which generally arose from the temporary differences between tax bases and carrying amounts of right-of-use assets and lease liabilities. In 2023 and 2024, we had income tax credit of RMB0.9 million and RMB0.5 million, respectively. In 2025, we had income tax expense of RMB0.3 million.

Pursuant to the Corporate Income Tax ("**CIT**") Law of the PRC and the respective regulations, the Company and subsidiaries which operates in Chinese Mainland are subject to CIT at a standard rate of 25% on the taxable income during the Track Record Period, except for the following tax concession.

In 2023, a subsidiary of our Company was accredited as a "High and New Technology Enterprise" and was therefore entitled to a preferential CIT rate of 15% from 2023 to 2025. In addition, we were accredited as a "High and New Technology Enterprise" during the year ended December 31, 2025 and were therefore entitled to a preferential CIT rate of 15% from 2025 to 2027. This qualification is subject to review by the relevant tax authority in the PRC every three years.

We are eligible for a 75% super deduction of eligible research and development ("**R&D**") expenses from 7 January 2022 (date of establishment), based on the Public Notice 2018 No. 99 and Public Notice 2021 No. 6 issued by the Ministry of Finance ("**MOF**") and the State Tax Bureau of the PRC on 20 September 2018 and 31 March 2021, respectively. Furthermore, based on the Public Notice 2023 No. 7 issued by the MOF and the State Tax Bureau of the PRC on 26 March 2023, we are eligible for a 100% deduction of eligible R&D expense from 1 January 2023. We have claimed such super deduction during the Relevant Periods.

We did not record any current income tax expense during the Track Record Period because we did not generate taxable profits. Our Directors confirm that during the Track Record Period, we had made all the required tax filings with the relevant tax authorities in the relevant jurisdictions, and we are not aware of any outstanding or potential disputes with such tax authorities.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our total revenue increased by 124.3% from RMB258.0 million in 2024 to RMB578.6 million in 2025, primarily as a result of significant growth in the sales of our advanced functional current collector products.

Revenue from sales of products increased by 119.2% from RMB250.2 million in 2024 to RMB548.5 million in 2025, primarily attributable to (i) higher revenue from FICC, as a result of increased customer demand driven by market expansion and production ramp-up and (ii) a significant increase in overseas sales as a result of our overseas expansion initiatives.

Revenue from provision of technology solutions increased from RMB7.7 million in 2024 to RMB30.1 million in 2025, mainly driven by our overseas expansion initiatives.

Cost of Sales

Our cost of sales increased by 95.8% from RMB320.9 million in 2024 to RMB628.3 million in 2025, which was consistent with the increases in product sales and revenue growth.

Our cost of sales for sales of products increased from RMB315.6 million in 2024 to RMB617.6 million in 2025, primarily driven by (i) an increase in raw materials and consumables, in particular with respect to aluminum costs, which was in line with the increase in sales volume and our production ramp-up, and (ii) higher staff costs and manufacturing overheads incurred to support the expansion of our production capacity.

Our cost of sales of provision of technology solutions increased from RMB5.3 million in 2024 to RMB10.7 million in 2025, mainly in line with the growth of our provision of technology solutions.

Gross Loss and Gross Loss Margin

As a result of the foregoing, our gross loss decreased by 21.1% from RMB62.9 million in 2024 to RMB49.7 million in 2025. Our gross loss margin decreased from 24.4% to 8.6% in 2025, primarily due to (i) improved production capacity, efficiency and utilization of our FICC, and (ii) the provision of technology solutions, which tended to have a higher profit margin.

R&D Expenses

Our R&D expenses increased by 56.6%, from RMB93.6 million in 2024 to RMB146.6 million in 2025, primarily attributable to (i) higher salaries and benefits driven by an increase in research personnel headcount, (ii) an increase in depreciation expenses and utility fees for our R&D activities, and (iii) an increase in share-based payment expenses for our R&D staff.

Selling Expenses

Our selling expenses increased by 13.2%, from RMB20.2 million in 2024 to RMB22.9 million in 2025, primarily attributable to (i) the share-based payment expenses to our selling and marketing staff, and (ii) higher salaries and benefits as a result of an increase in sales personnel headcount.

Administrative Expenses

Our administrative expenses increased by 97.3% from RMB51.7 million in 2024 to RMB102.0 million in 2025, primarily attributable to (i) expenses incurred in connection with the **[REDACTED]**, (ii) the share-based payment expenses for administrative employees, and (iii) higher salaries and benefits and office and utility expenses resulting from an expanded workforce to support our expanded operations.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased from RMB2.8 million in 2024 to RMB4.8 million in 2025, primarily due to an increase in trade receivables in line with our expanded operational scale.

Other Income and Gains

Our other income and gains, increased by 20.1% from RMB6.7 million in 2024 to RMB8.1 million in 2025, primarily due to an increase in government subsidies recognized during the year, mainly attributable to equipment investment grants amortized in 2025, which was partially offset by a decrease in investment income from financial assets at FVTPL as a result of a reduction in structured deposits and wealth management products.

Finance Costs

Our had finance costs decreased by 8.7% from RMB19.1 million in 2024 to RMB17.4 million in 2025, primarily attributable to decreased interest expenses as a result of a decrease in other borrowings.

Income Tax Credit/(Expense)

We had income tax credit of RMB0.5 million in 2024 and income tax expense of RMB0.3 million in 2025.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 38.4% from RMB243.1 million in 2024 to RMB336.6 million in 2025.

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

Revenue

Our total revenue increased significantly from RMB21.9 million in 2023 to RMB258.0 million in 2024. The increase was primarily due to higher revenue from sales of products and the commencement of provision of technology solutions.

Revenue from sales of products increased significantly from RMB21.9 million in 2023 to RMB250.3 million in 2024, primarily attributable to (i) the mass production and substantial sales of FICC, which was in line with increased customer demand, and (ii) our production capacity growth, including the commencement of production in our production base in Yangzhou.

Revenue from provision of technology solutions increased from nil in 2023 to RMB7.7 million in 2024, primarily attributable to the launch of technical service projects, including advisory services in connection with ADCC.

Cost of Sales

Our cost of sales increased significantly from RMB30.7 million in 2023 to RMB320.9 million in 2024, which was generally consistent with increases in product sales and our revenue growth.

Our cost of sales of products increased from RMB30.7 million in 2023 to RMB315.6 million in 2024, mainly due to mass production and capacity ramp-up of FICC, resulting in increased raw materials and consumables, staff costs and manufacturing overheads.

Our cost of sales of provision of technology solutions increased from nil in 2023 to RMB5.3 million in 2024, primarily due to an increase in staff costs incurred to support internal development and technical resources deployed for product testing projects, in line with project milestones.

Gross Loss and Gross Loss Margin

As a result, our gross loss increased significantly from RMB8.8 million in 2023 to RMB62.9 million in 2024. Our gross loss margin narrowed from 40.1% in 2023 to 24.4% in 2024, mainly attributable to economies of scale and improved production capacity, efficiency and utilization for FICC, partially offset by continued pricing pressure in the market.

R&D Expenses

Our R&D expenses increased by 41.3% from RMB66.2 million in 2023 to RMB93.6 million in 2024, primarily due to (i) an increase in materials and consumables used in R&D activities as we intensified R&D efforts, (ii) an increase in depreciation expenses and utility fees for our R&D activities, and (iii) an increase in salaries and benefits due to the increase in the headcount of our R&D staff.

Selling Expenses

Our selling expenses increased by 55.0% from RMB13.0 million in 2023 to RMB20.2 million in 2024, primarily due to (i) an increase in staff salaries and benefits as a result of our continued expansion of sales personnel, and (ii) higher business development expenses and traveling expenses in connection with our sales activities, including participation in major industry exhibitions.

Administrative Expenses

Our administrative expenses decreased by 55.4% from RMB116.0 million in 2023 to RMB51.7 million in 2024, primarily because we recognized share-based payment expenses in 2023. Other than the recognition of share-based payment expenses in 2023, our administrative expenses remained relatively stable in 2023 and 2024.

Impairment Losses on Financial Assets

Impairment of financial assets increased from nil in 2023 to RMB2.8 million in 2024, primarily due to an increase in trade receivables in line with our expanded operational scale.

Other Income and Gains

Our other income and gains decreased by 27.7% from RMB9.3 million in 2023 to RMB6.7 million in 2024, primarily due to (i) a decrease in investment income from financial assets at FVTPL as a result of a reduction in structured deposits and wealth management products in 2024, and (ii) a decrease in government grants and subsidies.

Finance Costs

Our finance costs increased by 19.2% from RMB16.0 million in 2023 to RMB19.1 million in 2024, primarily due to an increase in interest expenses as a result of an increase in other borrowings.

Income Tax Credit

Our income tax credit decreased by 44.2% from RMB0.9 million in 2023 to RMB0.5 million in 2024, primarily due to the changes in temporary differences between tax bases and carrying amounts of right-of-use assets and lease liabilities.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 15.9% from RMB209.8 million in 2023 to RMB243.1 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF 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 have been extracted from our consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Total non-current assets	640,340	820,928	948,503
Total current assets	587,004	498,236	995,990
Total assets	**1,227,344**	**1,319,164**	**1,944,493**
Total non-current liabilities	238,607	269,743	194,823
Total current liabilities	171,261	334,627	428,129
Total liabilities	**409,868**	**604,370**	**622,952**
Net assets	**817,476**	**714,794**	**1,321,541**
Equity attributable to owners of the Company			
Paid-in capital/Share Capital	221,880	232,940	322,140
Reserves	595,596	481,854	999,401
Total equity	**817,476**	**714,794**	**1,321,541**

	As of December 31,			As of April 30,
	2023	2024	2025	2026
		(RMB in thousands)		
Current assets				
Inventories	32,733	101,566	139,416	177,440
Trade and bills receivables	18,712	167,272	263,724	424,749
Prepayments, deposits and other receivables	56,804	68,360	95,931	124,465
Financial assets at fair value through profit or loss	230,100	—	150,523	—
Pledged deposits	29,000	7,851	20,347	140,165
Cash and cash equivalents	219,655	153,187	326,049	298,997
Total current assets	**587,004**	**498,236**	**995,990**	**1,165,816**
Current liabilities				
Trade and bills payables	31,231	92,908	236,690	471,911
Other payables and accruals	129,567	180,218	158,607	145,820
Interest-bearing bank and other borrowings	5,000	56,000	25,564	59,030
Lease liabilities	5,463	5,501	7,268	6,568
Total current liabilities	**171,261**	**334,627**	**428,129**	**683,329**
Net current assets	**415,743**	**163,609**	**567,861**	**482,487**
Net assets	**817,476**	**714,794**	**1,321,541**	**1,246,902**

Our net current assets decreased from net current assets of RMB567.9 million as of December 31, 2025 to RMB482.5 million as of April 30, 2026. This was primarily attributable to an increase in trade and bills payables in line with our increased procurement of raw materials to support production ramp-up. Such decrease was partially offset by increases in trade and bills receivables, reflecting growth in customer orders, and pledged deposits, which increased in line with trade and bills payables.

Our net current assets increased from RMB163.6 million as of December 31, 2024 to net current assets of RMB567.9 million as of December 31, 2025. This was primarily due to (i) an increase in cash and cash equivalents from the proceeds of the pre-**[REDACTED]** investment, (ii) an increase in financial assets at fair value through profit or loss following our purchase of wealth management products, (iii) growth in trade and bills receivables in line with business expansion, and (iv) a decrease in interest-bearing bank and other borrowings resulting from the conversion of convertible bonds in connection with the pre-**[REDACTED]** investment, which was partially offset by an increase in trade and bills payables due to higher raw material purchases driven by sales growth.

Our net current assets decreased from RMB415.7 million as of December 31, 2023 to RMB163.6 million as of December 31, 2024. This was primarily due to (i) an increase in trade and bills payables and interest-bearing borrowings, and (ii) an increase in other payables and accruals mainly related to construction and equipment payments, partially offset by an increase in prepayments and deposits reflecting raw material purchases.

Property, Plant and Equipment

Our property, plant and equipment consisted of machinery, electronic equipment and others, leasehold improvements and construction in progress, motor vehicles, furniture and fixtures, and computer software. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Machinery, electronic equipment and others	96,462	243,615	372,971
Leasehold improvements	117,438	191,028	208,614
Construction in progress	253,221	249,302	108,475
Motor vehicles	1,983	2,977	2,163
Furniture and fixtures	277	471	286
Computer software	—	367	1,670
Total	**469,381**	**687,760**	**694,179**

Our property, plant and equipment further increased by 46.5% to RMB687.8 million as of December 31, 2024, primarily due to substantial additions of machinery and electronic equipment to support production capacity, as well as increased leasehold improvements for expanded facilities. Our property, plant and equipment remained relatively stable at RMB687.8 million and RMB694.2 million as of December 31, 2024 and 2025, respectively, as certain production lines in relation to functional interface facilities were transferred from construction in progress to machinery, electronic equipment and others upon project completion.

Right-of-Use Assets

Our right-of-use assets consisted of offices and factory premises used in our operations. The carrying amounts of our right-of-use assets decreased from RMB93.3 million as of December 31, 2023 to RMB86.1 million as of December 31, 2024 and further decreased to RMB78.8 million as of December 31, 2025 as a result of depreciation.

Inventories

Our inventories primarily comprised (i) raw materials, (ii) finished goods and (iii) work in process. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Raw materials	26,377	76,511	87,207
Finished goods	6,329	23,030	49,671
Work in process	27	2,025	2,538
Total	**32,733**	**101,566**	**139,416**

Our inventories increased from RMB32.7 million as of December 31, 2023 to RMB101.6 million as of December 31, 2024, and further increased to RMB139.4 million as of December 31, 2025 primarily driven by the expansion of our business and the corresponding growth in sales volume.

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

	Year ended December 31,		
	2023	**2024**	**2025**
		(Days)	
Inventory turnover days(1)	208	76	70

Note:

(1) Calculated using the average of opening and closing balance of inventories for the relevant year divided by cost of sales for the relevant year and multiplied by the number of days in the relevant year, which is 365 days for each year.

During the Track Record Period, our inventory turnover days decreased from 208 days in 2023 to 76 days in 2024 and further decreased to 70 days in 2025, primarily due to our production ramp-up and the growth in customer orders.

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

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 6 months	32,165	96,736	123,881
6 to 12 months	547	4,441	11,209
Over 12 months.	21	389	4,326
Total	**32,733**	**101,566**	**139,416**

As of April 30, 2026, RMB110.7 million, or approximately 79.4% of our inventory balance as of December 31, 2025, had been sold or utilized.

Trade and Bills Receivables

Our trade receivables mainly represented amounts due from customers arising from sales of our products. Bills receivables primarily represented amounts due from customers who have elected to settle payments using commercial bills.

The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade receivables, net	13,624	110,682	221,430
Bills receivables	5,088	56,590	42,294
Total	**18,712**	**167,272**	**263,724**

Our trade and bills receivables increased from RMB18.7 million as of December 31, 2023 to RMB167.3 million as of December 31, 2024, and further increased to RMB263.7 million as of December 31, 2025, primarily due to the increase in trade receivables in line with our strong sales growth during the Track Record Period.

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

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 6 months	13,624	110,528	216,368
6 to 12 months	—	154	3,440
Over 12 months.	—	—	1,622
Total	**13,624**	**110,682**	**221,430**

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

	Year ended December 31,		
	2023	2024	2025
		(Days)	
Trade and bills receivables turnover days[(1)]	168	132	136

Note:

(1) Calculated using the average of opening and closing balances of the trade and bills receivables for such years divided by the total revenue for the relevant year and multiplying by the number of days during such years, which is 365 days for each year.

Our trading terms with our customers are on credit, and the credit period is generally 30 to 90 days. We seek to maintain strict control over our outstanding receivables and have a credit control team to minimize credit risk. Overdue balances are reviewed regularly by management. During the Track Record Period, our turnover days decreased from 168 days in 2023 to 132 days in 2024, primarily due to accelerated collection of trade receivables as a result of robust revenue growth. Our turnover days increased to 136 days in 2025, primarily because we have experienced a significant increase in product sales in 2025.

As of April 30, 2026, RMB230.9 million, or approximately 85.1% of our trade and bills receivables as of December 31, 2025, had been subsequently settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consisted of (i) prepayments for construction costs and equipment, (ii) prepaid management incentive payment, (iii) other receivables and deposits, (iv) value-added tax recoverable, (v) prepaid expenses, (vi) right-of-return assets and (vii) prepayment for inventories. The following table sets forth the details of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Non-current:			
Prepayments for construction costs and equipment	65,214	35,179	144,927
Prepaid management incentive payment	7,175	6,150	5,125
Other receivables and deposits	2,981	2,981	22,981
Subtotal	75,370	44,310	173,033
Current:			
Value-added tax recoverable	50,959	56,561	79,399
Other receivables and deposits	2,061	2,539	6,502
Prepaid expenses	1,418	2,258	4,500
Right-of-return assets	—	2,194	2,802
Prepayment for inventories	1,341	3,783	1,703
Prepaid management incentive payment	1,025	1,025	1,025
Subtotal	56,804	68,360	95,931
Total	**132,174**	**112,670**	**268,964**

Our prepayments, deposits and other receivables decreased to RMB112.7 million as of December 31, 2024, mainly attributable to a reduction in prepayments for construction costs and equipment as major procurement projects were completed, together with continued growth in VAT recoverable and recognition of right-of-return assets.

Our prepayments, deposits and other receivables increased to RMB269.0 million as of December 31, 2025, primarily due to (i) an increase in prepayments for construction costs and equipment in connection with new capacity expansion projects, and (ii) an increase in value-added tax recoverable arising from higher deductible tax associated with raw material procurement and capital expenditure during our early ramp-up stage.

Trade and Bills Payables

Trade and bills payables mainly consisted of amounts payable to suppliers for the procurement of raw materials. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables	31,231	92,908	216,343
Bills payables	—	—	20,347
Total	**31,231**	**92,908**	**236,690**

Our suppliers typically grant us a credit term between one month and six months. Our trade and bills payables increased significantly from RMB31.2 million as of December 31, 2023 to RMB92.9 million as of December 31, 2024, primarily due to higher procurement volumes and inventory levels as a result of our business growth. Our trade and bills payables further increased to RMB236.7 million as of December 31, 2025. The increasing trend was primarily due to increased orders and expansion of production capacity. The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated, based on the invoice date:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 6 months	31,218	75,724	233,755
6 to 12 months	13	15,484	1,313
Over 12 months	—	1,700	1,622
Total	**31,231**	**92,908**	**236,690**

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

	Year ended December 31,		
	2023	2024	2025
		(days)	
Trade and bills payables turnover days[(1)]	194	71	96

Note:

(1) Calculated using the average of opening and closing balances of the trade and bills payables for such years divided by the total cost of sales for the relevant year and multiplying by the number of days during such years, which is 365 days for each year.

During the Track Record Period, the trade and bills payables turnover days decreased from 194 days in 2023 to 71 days in 2024, primarily due to a significant increase in cost of sales, which outpaced the growth in accounts payable. The trade and bills payables turnover days increased to 96 days in 2025, primarily due to an increase in trade and bills payables in 2025 in line with higher raw material purchases to support business ramp-up.

As of April 30, 2026, RMB220.6 million, or approximately 93.2% of our trade and bills payables as of December 31, 2025, had been settled.

Other Payables and Accruals

Other payables and accruals primarily consisted of deferred income, payable for non-current assets, other payables and employee benefits payables.

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Deferred income	12,782	51,265	116,998
Payable for non-current assets	117,452	152,832	109,107
Other payables	3,524	7,638	12,666
Employee benefits payables	8,194	13,039	19,929
Interest payable	—	75	14
Refund liability	—	2,743	7,004
Contract liabilities	153	438	2,005
Deposits received	40	2,117	2,598
Subtotal	142,145	230,147	270,321
Less: Portion classified as non-current liabilities	(12,578)	(49,929)	(111,714)
Total	**129,567**	**180,218**	**158,607**

Our other payables and accruals increased further from RMB142.1 million as of December 31, 2023 to RMB230.1 million as of December 31, 2024, primarily due to (i) a continued increase in payables for non-current assets reflecting ongoing investment in fixed assets and equipment for new production line expansion, (ii) a substantial increase in deferred income as additional government grants and subsidies were received during the year, and (iii) higher other payables associated with business growth.

Our other payables and accruals increased from RMB230.1 million as of December 31, 2024 to RMB270.3 million as of December 31, 2025, primarily due to a further increase in deferred income, which partially offset by a decrease in payables for non-current assets as a result of settlement payments for equipment acceptance for our composite product lines.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2025, we had RMB326.0 million in cash and cash equivalents. Our cash and cash equivalents primarily consist of cash at banks under RMB and US dollar denominations. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow, equity and debt financing and net **[REDACTED]** from the **[REDACTED]**. Our Directors are of the view that we possess sufficient working capital, including sufficient cash and liquidity assets, for the next 12 months from the date of this document, taking into account the cash and cash equivalents on hand, and the estimated net **[REDACTED]** received from the **[REDACTED]**.

Cash Flows

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

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Net cash used in operating activities	(164,786)	(338,199)	(297,065)
Net cash (used in)/generated from investing activities	(474,936)	65,480	(313,433)
Net cash generated from financing activities	622,259	206,315	783,636
Net increase/(decrease) in cash and cash equivalents	(17,463)	(66,404)	173,138
Cash and cash equivalents at beginning of year	237,118	219,655	153,187
Effect of foreign exchange rate changes, net	—	(64)	(276)
Cash and cash equivalents at the end of the year	219,655	153,187	326,049

Net Cash Used in Operating Activities

Net cash used in operating activities primarily comprises our loss before income tax for the year, adjusted by (i) non-cash and non-operating items, and (ii) changes in working capital.

In 2025, our net cash used in operating activities was RMB297.1 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB336.2 million with non-cash and non-operating items and movements in working capital. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property plant and equipment of RMB59.2 million, (ii) share-based payment expense of RMB35.5 million, and (iii) finance costs of RMB17.4 million, partially offset by government grants and subsidies. Our movements in working capital primarily comprised (1) an increase in trade and bills receivables of RMB334.1 million, (2) an increase in prepayments, deposits and other receivables of RMB43.6 million, and (3) an increase in inventories of RMB43.1 million, partially offset by (a) an increase in trade and bills payables of RMB298.6 million and (b) an increase in other payables and accruals of RMB47.8 million.

In 2024, our net cash used in operating activities was RMB338.2 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB243.6 million in 2024 with non-cash and non-operating items and movements in working capital. Adjustments of non-cash and non-operating items primarily comprised (i) finance costs of RMB19.1 million, (ii) depreciation of property, plant and equipment of RMB37.2 million, (iii) depreciation of right-of-use assets of RMB7.2 million, (iv) impairment of trade receivables of RMB2.8 million, and (v) write-down of inventories of RMB8.5 million, partially offset by investment income from financial assets at fair value through profit or loss and government grants and subsidies of RMB4.6 million. Our movements in working capital primarily comprised (1) an increase in inventories of RMB77.3 million, (2) an increase in trade and bills receivables of RMB151.4 million, and (3) an increase in prepayments, deposits and other receivables of RMB10.5 million, partially offset by (a) an increase in trade and bills payables of RMB61.7 million and (b) an increase in other payables and accruals of RMB14.1 million.

In 2023, our net cash used in operating activities was RMB164.8 million. Our net cash used in operating activities is calculated by adjusting our loss before income tax of RMB210.7 million with non-cash and non-operating items and movements in working capital. Adjustments of non-cash and non-operating items primarily comprised (i) finance costs of RMB16.0 million, (ii) depreciation of property, plant and equipment of RMB18.0 million, (iii) depreciation of right-of-use assets of RMB6.9 million, and (iv) share-based payment expenses of RMB66.5 million, partially offset by investment income from financial assets at fair value through profit or loss and government grants and subsidies of RMB7.2 million. Our movements in working capital primarily comprised (1) an increase in inventories of RMB30.5 million, (2) an increase in trade and bills receivables of RMB17.2 million, and (3) an increase in prepayments, deposits and other receivables of RMB40.2 million, partially offset by (a) an increase in trade and bills payables of RMB29.8 million and (b) an increase in other payables and accruals of RMB5.3 million.

Net Cash (Used in)/Generated from Investing Activities

In 2025, our net cash used in investing activities was RMB313.4 million. This was attributable to purchases of financial assets at fair value through profit or loss of RMB1,299.3 million, purchases of items of property, plant and equipment of RMB161.5 million and placement of pledged deposits of RMB44.6 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB1,080.3 million.

In 2024, our net cash generated from investing activities was RMB65.5 million. This was attributable to purchases of financial assets at fair value through profit or loss of RMB1,255.0 million and purchases of items of property, plant and equipment of RMB190.2 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB1,488.2 million and withdrawal of pledged deposits of RMB21.1 million.

In 2023, our net cash used in investing activities was RMB474.9 million. This was attributable to purchases of financial assets at fair value through profit or loss of RMB1,793.0 million, placement of pledged deposits of RMB29.0 million and purchases of items of property, plant and equipment of RMB221.8 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB1,567.4 million.

Net Cash Generated from Financing Activities

In 2025, our net cash generated from financing activities was RMB783.6 million, primarily attributable to proceeds from contributions by shareholders of RMB757.9 million, proceeds from government grants of RMB70.7 million and new bank and other borrowings of RMB43.1 million, partially offset by repayment of bank borrowings of RMB65.4 million and payment of interest of RMB17.3 million.

In 2024, our net cash generated from financing activities was RMB206.3 million, primarily attributable to proceeds from contributions by shareholders of RMB140.5 million, proceeds from government grants of RMB40.0 million and new bank and other borrowings of RMB54.0 million, partially offset by payment of interest of RMB19.0 million and repayment of bank borrowings of RMB5.0 million.

In 2023, our net cash generated from financing activities was RMB622.3 million, primarily attributable to proceeds from contributions by shareholders of RMB548.4 million, proceeds from government grants of RMB15.4 million and new bank and other borrowings of RMB79.0 million, partially offset by payment of interest of RMB19.6 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025, our indebtedness included lease liabilities and interest-bearing bank and other borrowings. As of April 30, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had total indebtedness of RMB147.2 million.

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

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Current				
Interest-bearing bank and other borrowings	5,000	56,000	25,564	59,030
Lease liabilities	5,463	5,501	7,268	6,568
Non-current				
Lease liabilities	92,029	87,814	83,109	81,601
Interest-bearing bank and other borrowings	134,000	132,000	—	—
Total	**236,492**	**281,315**	**115,941**	**147,199**

Interest-Bearing Bank and Other Borrowings

As of December 31, 2023, 2024, 2025 and April 30, 2026, we received bank borrowings of RMB9.0 million, RMB9.0 million, RMB23.0 million and RMB28.0 million, respectively. All of such bank borrowings were unsecured. As of December 31, 2023, 2024, 2025 and April 30, 2026, the effective interest rates of unsecured bank borrowings ranged from 2.6% to 3.7% per annum. As of April 30, 2026, we did not have any unutilized bank facilities.

As of December 31, 2023, 2024, 2025 and April 30, 2026, we received other borrowings of RMB130.0 million, RMB179.0 million, RMB2.6 million and RMB31.0 million, respectively. Other borrowings during the Track Record Period mainly represented an unsecured convertible bond issued to a Pre-**[REDACTED]** investor, which was converted into equity in September 2025. See Note 22 to the Accountants' Report in Appendix I to this document.

Lease Liabilities

Our lease liabilities mainly represented outstanding payments for our leased properties for production and operations. As of December 31, 2023, 2024, 2025 and April 30, 2026, we had lease liabilities of RMB97.5 million, RMB93.3 million, RMB90.4 million and RMB88.2 million, respectively. The lease liabilities decreased from RMB97.5 million as of December 31, 2023 to RMB93.3 million as of December 31, 2024, primarily attributable to lease payments made during the year, which resulted in a reduction in the balance of lease liabilities. The lease liabilities further decreased from RMB93.3 million as of December 31, 2024 to RMB90.4 million as of December 31, 2025, primarily due to cash payments during the year.

No Other Outstanding Indebtedness

Except as disclosed above, as of April 30, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since April 30, 2026 and up to the Latest Practicable Date.

Contingent Liabilities

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

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,		
	2023	2024	2025
Revenue growth (%)	N/A	1,075.5	124.3
Net loss margin[1] (%)	(956.0)	(94.2)	(58.2)
Adjusted net loss margin (non-IFRS measure)[2] (%)	(653.2)	(94.2)	(48.9)
Current ratio[3]	3.4	1.5	2.3
Quick ratio[4]	3.2	1.2	2.0
Gearing ratio[5] (%)	33.4	45.8	32.0

Notes:

(1) Net loss margin is calculated by dividing net loss by our revenue for the year indicated.

(2) Adjusted net loss margin (non-IFRS measure) is calculated by dividing adjusted net loss (non-IFRS measure) by our revenue for the year indicated.

(3) Current ratio is calculated by dividing current assets by current liabilities as of the relevant end of year.

(4) Quick ratio is calculated by subtracting inventories from current assets and then dividing the result by current liabilities as of the end of the year.

(5) Gearing ratio is calculated by dividing total liabilities by total assets as of the relevant end of year and multiplied by 100%.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly related to the purchase of property, plant and equipment. As of December 31, 2023, 2024 and 2025, the total amounts of our capital commitments was RMB95.6 million, RMB231.6 million and RMB254.1 million, respectively. See Note 29 to the Accountants' Report in Appendix I to this document.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period consisted of purchases of items of property, plant and equipment which amounted to RMB221.8 million, RMB190.2 million and RMB161.5 million in 2023, 2024 and 2025, respectively.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Our principal financial instruments comprise financial assets included in prepayment, deposit and other receivables, financial assets at fair value through profit or loss, financial liabilities included in other payables and accruals, lease liabilities, interest-bearing bank and other borrowings, pledged deposits and 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, such as trade and bills receivables and trade and bills payables, which arise directly from our operations. The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks as summarized below.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and foreign currencies in which we conduct business may affect our financial condition and results of operations.

Interest Rate Risk

Our exposure to the risk of changes in fair value relates primarily to our bank borrowings with a floating interest rate. In 2023, 2024 and 2025, if the basis point of our interest rate increased/decreased by 100 points, with all other variables held constant, the loss before tax for the year then ended would have increased/decreased by nil, RMB56,000 and nil. See Note 33 to the Accountants' Report in Appendix I to this document.

Credit Risk

We primarily trade only with recognized and creditworthy third parties. Our internal policies require that all customers who wish to trade on credit terms be subject to credit verification procedures. In addition, we monitor receivable balances on an ongoing basis and we believe that our credit risk exposure during the Track Record Period was immaterial. For financial assets included in prepayments, deposits and other receivables, our management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables. As of December 31, 2023, 2024 and 2025, we had certain concentrations of credit risk as 84%, 69% and 75% of our trade receivables were due from our five largest customers, respectively.

As of December 31, 2025, cash and cash equivalents were deposited in financial institutions with good credit ratings and without significant credit risk. See Note 33 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. We analyze our non-derivative financial liabilities in relevant maturity groupings based on the contractual undiscounted payments as of the end of each reporting period. See Note 33 to the Accountants' Report in Appendix I to this document for details of our financial liabilities based on the contractual maturities for all non-derivative financial liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, all of our balances with related parties were trade in nature. Related party transactions are set out in Note 30 to the Accountants' Report in Appendix I to this document. Our Directors believe that these transactions were conducted in the ordinary and usual course of business, and did not distort our results of operations or make our historical results unreflective of our future performance.

DIVIDEND POLICY

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

DISTRIBUTABLE RESERVES

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

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Unaudited **[REDACTED]** Financial Information in Appendix II to this document for details.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. We estimate that our **[REDACTED]** will be approximately HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** range) and no exercise of the **[REDACTED]**), which accounts for approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**. We estimate the **[REDACTED]** to consist of approximately HK$**[REDACTED]** in **[REDACTED]** and HK$**[REDACTED]** in non-**[REDACTED]** (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately HK$**[REDACTED]** and other fees and expenses of approximately HK$**[REDACTED]**). During the year ended December 31, 2025, we incurred **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** of which was charged to our consolidated statements of profit or loss and other comprehensive income, and HK$**[REDACTED]** of which was attributable to the **[REDACTED]** of Shares and will be deducted from equity. We expect to incur additional **[REDACTED]** of approximately HK$**[REDACTED]** after the Track Record Period, approximately HK$**[REDACTED]** of which is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately HK$**[REDACTED]** of which is attributable to the **[REDACTED]** of Shares and will be deducted from equity upon **[REDACTED]**. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, 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 end date of the periods reported on in the Accountants' Report in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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