You should read the following discussion and analysis in conjunction with our consolidated financial information at December 31 2023, 2024 and 2025 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 IFRS.

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. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a leading battery-swapping solutions provider in China, focusing on providing safe, efficient, convenient, green and smart battery-swapping solutions for LEV riders. We are the fourth largest battery-swapping solutions provider in the LEV battery-swapping industry in terms of revenue in 2025 in China, with a market share of 5.8%, according to Frost & Sullivan.

We provide battery-swapping solutions primarily through self-operated stations as well as through business partners, being local companies that desire to enter the LEV battery-swapping industry, relying on our integrated hardware-software operational infrastructure. We have been actively exploring diversified businesses and revenue streams, including sales of battery-swapping related hardware, such as self-developed lithium batteries, chargers and adapter cables.

During the Track Record Period, our business maintained steady growth. Our total revenue was RMB695.8 million, RMB734.6 million, and RMB738.6 million in 2023, 2024 and 2025, respectively. Our gross profit was RMB98.0 million, RMB198.7 million and RMB196.2 million in the same years, respectively.

BASIS OF PRESENTATION

Our Historical Financial Information (as defined in Appendix I to this document) has been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards as issued by the International Accounting Standards Board. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, our Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

Our Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on consolidation.

See note 3 to the Accountants' Report in Appendix I to this document for details.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the major factors affecting our results of operations and financial condition include the following:

Industry Growth and Competitive Landscape

Our business is closely tied to the growth and development of China's energy replenishment industry, in particular, the LEV battery-swapping industry. The increasing acceptance of battery-swapping among LEVs, significantly expanded the addressable market for battery-swapping infrastructure. According to Frost & Sullivan, the proportion of the LEV battery-swapping market size in the overall energy replenishment market increased from 4.5% in 2021 to 12.3% in 2025, and is expected to reach 26.5% in 2030. Over the same period, the number of battery-swapping cabinets grew from 0.1 million in 2021 to 0.5 million in 2025, and is expected to reach 2.4 million in 2030, at a CAGR of 26.8% from 2026 to 2030, according to the same source.

The LEV battery-swapping industry remains in a formative stage and is subject to evolving market structures, technological standards, and competitive dynamics. Our business performance is also directly influenced by the speed of adoption of battery-swapping solutions across different LEV types and use cases. Any deceleration in the growth of the LEV battery-swapping industry, intensified competition from existing market players or new entrants, or a shift in industry preferences toward fast-charging or other energy replenishment models, could adversely affect our ability to maintain growth.

Scale Our Business and Expand Overseas Market

The expansion of our customer base is a key driver of our business growth. Currently, our solutions are used primarily by B-end riders from delivery and logistics companies. According to Frost & Sullivan, the C-end market contains enormous development potential. The size of China's C-end household charging market by expenditure reached RMB45.5 billion in 2025, according to the same source. Therefore, our ability to acquire more C-end riders is a key driver for our further growth. On one hand, we expect to acquire more C-end riders in China by building additional self-operated stations and leveraging our business partners local resources. On the other hand, we will continue to expand into more C-end rider scenarios, including residents, daily commuters, campus users and short-distance leisure travelers, among others.

In addition, we plan to strategically grow our retail business by selling more self-developed lithium batteries to further grow our business operations and diversify our revenue streams. Further, we have witnessed emerging overseas opportunities for LEV battery-swapping industry in recent years. For example, according to Frost & Sullivan, the LEV battery-swapping market in Southeast Asia is expected to increase from RMB0.5 billion in 2026 to RMB2.1 billion in 2030 at a CAGR of 42.4%. In light of that, we have been strategically expanding our international footprint starting from Southeast Asia. However, our competitors in the global market might benefit from their local advantages, and the expansion of overseas markets might cause increased operating costs for, among other things, sales and marketing activities and localized services, which could also affect our financial performance and results of operations.

Our Ability to Attract Business Partners

We expect to evolve our business model by adding a scalable, service-based model on top of a self-owned, asset-heavy model. Specifically, instead of relying primarily on the operation of self-owned battery-swapping stations, which entail substantial upfront capital expenditure and high depreciation, we expect to attract more business partners to expand our revenue base by selling battery-swapping cabinets and batteries and sharing revenue with them. This transformation will allow us to unlock recurring service revenue, enhance capital efficiency and reduce fixed-cost burden, all of which are critical for improving margins and supporting future expansion. Our future results of operations will therefore increasingly depend on our ability to attract more business partners, which is ultimately influenced by our ability to continuously update and iterate our hardware products and software system to deliver quality products and smooth operations for our business partners.

Cost Control and Operational Efficiency

Our results are affected by our ability to maintain stable and cost-effective production and operational capabilities. We incurred cost of sales of RMB597.9 million, RMB535.9 million and RMB542.5 million in 2023, 2024 and 2025, respectively, accounting for 85.9%, 73.0% and 73.4% of our total revenue in the same years, respectively. Specifically, site service costs constituted the largest cost component of our cost of sales, accounting for 40.5%, 50.2% and 44.4% of our total costs of sales in 2023, 2024 and 2025, respectively. Going forward, we expect to achieve further cost optimization through more in-house production of batteries and cabinets and introduction of more qualified suppliers, which will allow us to reduce per-unit production costs.

In addition, operational efficiency also affects our profitability and future growth. We have implemented various measures to enhance our operational efficiency, including digitizing the management of our battery-swapping and after-sales network and adoption of more internal marketing efforts instead of external marketing efforts. We incurred operating expenses, comprising selling and marketing expenses, administrative expenses, and research and development expenses, of RMB165.6 million, RMB166.8 million and RMB146.3 million in 2023, 2024 and 2025, respectively, accounting for 23.8%, 22.7% and 19.8% of our total revenue in the same years, respectively.

We believe that our ability to efficiently manage our manufacturing and operations is critical to sustaining the scale of our business, driving the continued growth of our profitability and margins, and maintaining our competitiveness in our industry.

Seasonality

Our financial performance is subject to seasonal fluctuations, primarily driven by the cyclicality of the delivery services. In China, the instant delivery industry typically experiences a peak in the summer months, leading to an increase in active riders due to the influx of summer workers, while the demand typically drops during the winter and the Chinese New Year holiday period as many delivery riders return to their hometowns, according to Frost & Sullivan. Consequently, the demand for our solutions is higher in the third quarter of the year and lower in the first quarter of the year. This seasonal effect significantly heightens the demand for our battery-swapping services. If circumstances arise during these periods that impede the need for automobile services, our revenue for the year would be disproportionately adversely affected. In addition, comparisons of sales and operating results between different periods within a single fiscal year, or between the same periods in different fiscal years, may not be meaningful and should not be relied upon as indicators of our performance.

Investment in R&D and Advance in Technology

Our business growth is largely attributable to strong in-house R&D capabilities. Staying at the forefront of innovation is critical to maintaining our competitiveness and meeting evolving market demands. During the Track Record Period, we have dedicated to investing in technology development and innovation. Our research and development expenses amounted to RMB44.9 million, RMB30.2 million and RMB29.9 million in 2023, 2024 and 2025, respectively, accounting for 6.5%, 4.1% and 4.0% of our total revenue in the same years, respectively. We have built in-depth industry knowledge and technical know-how of power equipment industry throughout the years. Our investment in R&D activities yielded 86 issued patents as of the Latest Practicable Date.

Our investment in R&D enabled us to build our market leadership, expand product offerings and is expected to yield long-term results. While exploring new technological frontiers in the LEV battery-swapping industry, we also continued to optimize the performance of our existing products and services through our R&D efforts. As the market evolves and our user base expands, our ability to develop more advanced technologies and design innovative products tailored to customers' changing requirements has been and will continue to be critical to our ability to maintain our competitive edge and excel in the market. We will continue to invest in proprietary technology development and innovation to grow our competitive strengths and to enhance our market position. Therefore, the outcome and effectiveness of our research efforts could affect our profitability and future results of operations.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our Historical Financial Information. These policies involve subjective assumptions, estimates and complex judgments. Such estimates are continuously reviewed and are based on historical experience and reasonable expectations of future events. We have not made material changes to our assumptions or estimates during the Track Record Period and do not expect significant changes under current circumstances. When reviewing our Historical Financial Information, you should consider our material accounting policies, the judgments involved and the sensitivity of reported results to changes in assumptions and conditions. Our material accounting policies and critical accounting judgments and estimates, which are important for an understanding of our financial position and results of operations, are set forth in detail in Notes 3 and 4 to the Accountants' Report set out in Appendix I to this document.

CONSOLIDATED STATEMENTS OF PROFITS OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**695,846**	**734,587**	**738,639**
Cost of sales	(597,859)	(535,892)	(542,456)
Gross profit	**97,987**	**198,695**	**196,183**
Other income	26,127	26,088	21,735
Other gains and losses	10,273	(5,136)	(5,353)
Selling and marketing expenses	(78,276)	(94,410)	(80,364)
Administrative expenses	(42,421)	(42,150)	(36,006)
Research and development expenses	(44,936)	(30,198)	(29,885)
Impairment losses under expected credit loss model, net of reversal	69	(124)	(827)
Finance costs	(41,750)	(44,230)	(49,748)
Share of results of joint ventures	(418)	(612)	(551)
(Loss) profit before tax	**(73,345)**	**7,923**	**15,184**
Income tax credit (expense)	28,733	(1,996)	(7,029)
(Loss) profit for the year	**(44,612)**	**5,927**	**8,155**
Total comprehensive (expense) income for the year	**(44,612)**	**5,927**	**8,155**

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use EBITDA, EBITDA margin, adjusted net (loss) profit and adjusted net (loss) profit margin (all are non-IFRS measures), as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance.

We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of EBITDA, EBITDA margin, adjusted net (loss) profit and adjusted net (loss) profit margin (all are non-IFRS measures) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures 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. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

We define (i) EBITDA (non-IFRS measure) as (loss) profit for the year adjusted by adding back finance costs (less bank interest income), income tax credit (expense), depreciation expenses; (ii) EBITDA margin (non-IFRS measure) as dividing EBITDA (non-IFRS measure) by revenue in the same year; (iii) adjusted net (loss) profit (non-IFRS measure) as (loss) profit for the year adjusted by adding back interest on redemption liabilities; and (iv) adjusted net (loss) profit margin (non-IFRS measure) as dividing adjusted net (loss) profit (non-IFRS measure) by revenue in the same year. The adjustments were consistently made during the Track Record Period.

The following table sets forth the reconciliations of our EBITDA, EBITDA margin, adjusted net (loss) profit and adjusted net (loss) profit margin (all are non-IFRS measures) in 2023, 2024 and 2025 presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is our (loss) profit for the year:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of the (loss) profit for the year to EBITDA (non-IFRS measure)			
(Loss) profit for the year	**(44,612)**	**5,927**	**8,155**
Add:			
– Finance costs	41,750	44,230	49,748
– Income tax credit (expense)	(28,733)	1,996	7,029
– Depreciation of property, plant and equipment	198,762	194,219	242,883
– Depreciation of right-of-use assets	4,297	3,578	1,891
Less:			
– Bank interest income	412	3,214	1,936
EBITDA	**171,052**	**246,736**	**307,770**
EBITDA margin	**24.6%**	**33.6%**	**41.7%**

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of the (loss) profit for the year to adjusted net profit (non-IFRS measure)			
(Loss) profit for the year	**(44,612)**	**5,927**	**8,155**
Add:			
– Interest on redemption liabilities	3,475	22,767	26,000
Adjusted net (loss) profit	**(41,137)**	**28,694**	**34,155**
Adjusted net (loss) profit margin	**(5.9%)**	**3.9%**	**4.6%**

Revenue

During the Track Record Period, we derived all of our revenue within Chinese mainland. The following table sets forth the breakdown of our revenue by business lines in absolute amounts and as percentages of our total revenue for the periods indicated.

	Year Ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Battery-swapping solutions						
Battery-swapping solutions through self-operated stations	692,723	99.6	732,790	99.8	715,460	96.9
Battery-swapping solutions through business partners	2,310	0.3	1,175	0.2	21,160	2.9
Sub-total	695,033	99.9	733,965	100.0	736,620	99.8
Hardware retail sales[(i)]	813	0.1	622	–[(ii)]	2,019	0.2
Total	**695,846**	**100.0%**	**734,587**	**100.0%**	**738,639**	**100.0%**

Note:

(i) Included sales of battery-swapping related hardware, such as adapter cables and chargers.

(ii) Less than 0.1%.

During the Track Record Period, battery-swapping solutions constituted our single largest revenue contributor, accounting for 99.9%, 100.0% and 99.8% of our total revenue in 2023, 2024 and 2025, respectively. In particular, almost all of revenue was generated from our self-operated battery-swapping stations during the Track Record Period, accounting for 99.6%, 99.8% and 96.9% of our total revenue in the same years, respectively.

Our revenue increased from 2023 to 2024, reflecting our continuous efforts to expand our self-operated battery-swapping business. Our revenue increased from 2024 to 2025, reflecting our strategic efforts to (i) expand our business partner network that led to more asset-light business of battery-swapping solutions through partnership and (ii) diversify our revenue streams that led to increased hardware retail sales.

The following table sets forth the number of paying users and the average revenue per paying user ("**ARPU**") of our self-operated battery-swapping stations for the periods indicated.

	Year Ended December 31,					
	2023		**2024**		**2025**	
	Number of paying users	*ARPU (RMB)*	*Number of paying users*	*ARPU (RMB)*	*Number of paying users*	*ARPU (RMB)*
Battery-swapping solutions through self-operated stations	930,405	744.5	1,333,585	549.5	1,989,991	359.5

The number of paying users increased during the Track Record Period, reflecting our continuous efforts to expand our businesses of battery-swapping solutions through self-operated stations. The ARPU decreased during the Track Record Period, primarily as a result of (i) the intensified market competition, in line with the industry trend; and (ii) our strategic adjustment in and diversification of our service packages to attract new riders. Despite the decreasing trend in our ARPU during the Track Record Period, our ARPU maintained among the highest positions in the industry according to Frost & Sullivan.

Cost of Sales

Our cost of sales consisted primarily of (i) site service costs, comprising primarily charging fees for our cabinets and batteries and site usage fees, (ii) depreciation of our operating assets, (iii) impairment losses on batteries, and (iv) employee benefits expenses, primarily in connection with the operations of our self-owned battery-swapping stations. The following table sets forth the breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Site service costs	242,116	40.5	269,251	50.2	240,807	44.4
Depreciation expenses	195,131	32.6	191,293	35.7	240,118	44.3
Impairment losses	110,422	18.5	30,375	5.7	-	-
Employee benefits expenses	17,665	3.0	16,432	3.1	18,439	3.4
Others[(i)]	32,525	5.4	28,541	5.3	43,092	7.9
Total	**597,859**	**100.0%**	**535,892**	**100.0%**	**542,456**	**100.0%**

Note:

(i) Included primarily costs incurred in connection with our sales of hardwares to our business partners and maintenance costs for our stations.

During the Track Record Period, site service costs and depreciation expenses were the two largest cost components of our business. Specifically, site service costs accounted for 40.5%, 50.2% and 44.4% of our total cost of sales in 2023, 2024 and 2025, respectively, while depreciation expenses accounted for 32.6%, 35.7% and 44.3% of our total cost of sales in the same years, respectively.

Our impairment losses in 2023 and 2024 were a one-off thing and were primarily due to certain batteries we purchased from an independent third party supplier which were subsequently found to have quality issues. See " Business – Legal Proceedings and Compliance – Legal Proceedings" for the details regarding our litigation with such supplier. The overall increasing trend of our cost of sales during the Track Record Period was commensurate with that of our revenue in the same periods.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The following table sets forth the breakdown of our gross profit and gross profit margin by business lines for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Battery-swapping solutions						
Battery-swapping solutions through self-operated stations	96,315	13.9	197,985	27.0	191,080	26.7
Battery-swapping solutions through business partners	1,581	68.4	676	57.5	4,991	23.6
Sub-total	97,896	14.1	198,661	27.1	196,071	26.6
Hardware retail sales(i)	91	11.2	34	5.5	112	5.5
Total	**97,987**	**14.1%**	**198,695**	**27.0%**	**196,183**	**26.6%**

Note:

(i) Included sales of battery-swapping related hardware, such as adapter cables and chargers.

During the Track Record Period, almost all of our overall gross profit were contributed by gross profit generated from our battery-swapping solutions business, which was most affected by the gross profit generated from our battery-swapping solutions through self-operated stations. As a result, our gross profit margin during the Track Record Period was also determined by the gross profit margin of our battery-swapping solutions through self-operated stations in the same periods.

We recorded low gross profit and gross profit margin for our overall business and battery-swapping solutions through self-operated stations in 2023, primarily due to the impairment losses on certain batteries we purchased from an independent third party supplier with quality issues.

Other Income

Our other income comprised primarily (i) interest on amount due from a supplier, (ii) rental income, net of outgoings, (iii) government grants, (iv) extra deduction of VAT, and (v) interest on amount due from an independent third party; and (vi) bank interest income. The following table sets forth the breakdown of our other income for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on amount due from a supplier	7,221	6,296	4,844
Rental income, net of outgoings[(i)]	9,064	5,153	3,100
Government grants[(ii)]	3,254	4,602	5,240
Extra deduction of value-added tax ("**VAT**")[(iii)]	2,553	3,677	2,254
Interest on amount due from an independent third party	1,000	1,000	1,000
Bank interest income	412	3,214	1,936
Others	2,623	2,146	3,361
Total	**26,127**	**26,088**	**21,735**

Notes:

(i) We leased out a portion of area within certain manufacturing plants and our electric three-wheelers. All the leases during the Track Record Period were operating leases with fixed lease payments. The outgoings arising from the rental RMB3.7 million, RMB1.3 million and RMB1.1 million in 2023, 2024 and 2025, respectively.

(ii) We received certain government grants as incentive for investing in land-use rights and operating equipment. Our other government grants were mainly related to enterprise development support. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of us during the Track Record Period.

(iii) According to the State Taxation Administration of the PRC, one of our subsidiaries, Zhixing Xinneng, is allowed to deduct an additional 5% of the deductible input tax from the VAT payable as an advanced manufacturing enterprise from January 1, 2023 to December 31, 2027.

Other Gains and Losses

Our other gains and losses consisted primarily of gains (losses) on disposal of property, plant and equipment in relation to the disposal of scrapped batteries. The following table sets forth the breakdown of our other gains and losses for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB '000	*RMB '000*	*RMB '000*
Gains (losses) on disposal of property, plant and equipment	8,647	(5,699)	(5,595)
Fair value changes of financial assets at FVTPL	224	158	–
Gain on early termination of lease	–	317	–
Others[(i)]	1,402	88	242
Total	**10,273**	**(5,136)**	**(5,353)**

Note:

(i) Included primarily compensation received from customers for lost batteries.

Selling and Marketing Expenses

Our selling and marketing expenses consisted primarily of (i) employee benefits expenses, comprising salaries, bonus, commission, and social insurance premiums and housing provident fund contributions for our sales force, (ii) marketing fees to service providers for the promotion of our solutions and products, (iii) outsourced customer service fees, and (iv) platform service fees to e-commerce platforms to promote our solutions and products. The following table sets forth the breakdown of our selling and marketing expenses for the periods indicated.

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses	21,760	27.8	30,978	32.8	43,693	54.4
Marketing fees	48,794	62.3	53,266	56.4	23,030	28.7
Outsourced customer service fees	1,207	1.5	2,653	2.8	6,840	8.5
E-commerce platform service fees	2,636	3.4	3,188	3.4	3,105	3.9
Others[(i)]	3,879	5.0	4,325	4.6	3,696	4.5
Total	**78,276**	**100.0**	**94,410**	**100.0**	**80,364**	**100.0**

Note:

(i) Included primarily travel and communication expenses.

Administrative Expenses

Our administrative expenses consisted primarily of (i) employee benefits expenses, comprising salaries, bonus, commission, and social insurance premiums and housing provident fund contributions for our management and administrative staff, (ii) depreciation of our leases, (iii) payment processing fees to online payment platform for handling our transactions, (iv) tax and surcharges in relation to taxes other than VAT, (v) professional service fees in relation to legal, auditing, consulting and other professional services, (vi) travel and business entertainment expenses, and (vii) office expenses. The following table sets forth a breakdown of the components of our administrative expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses	16,769	39.5	17,129	40.6	16,229	45.1
Depreciation expenses	6,394	15.1	6,085	14.4	4,561	12.7
Payment processing fees	7,146	16.8	3,060	7.3	2,467	6.9
Tax and surcharges	1,568	3.7	3,571	8.5	2,980	8.3
Professional service fees	4,038	9.5	3,540	8.4	1,839	5.1
Travel and business entertainment expenses	2,253	5.3	2,488	5.9	3,117	8.7
Office expenses	1,993	4.7	3,010	7.1	1,355	3.8
Others[(i)]	2,260	5.4	3,267	7.8	3,458	9.4
Total	**42,421**	**100.0%**	**42,150**	**100.0%**	**36,006**	**100.0%**

Note:

(i) Included primarily insurance fees, staff training fees, labor service fees, delivery fees, and communication fees.

Research and Development Expenses

Our research and development expenses consisted primarily of (i) employee benefits expenses, comprising salaries, bonus, commission, and social insurance premiums and housing provident fund contributions for our R&D staff, and (ii) service fees for purchase of cloud services. The following table sets forth the breakdown of our research and development expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses	37,846	84.2	25,122	83.2	23,460	78.5
Service fees	5,390	12.0	4,469	14.8	5,500	18.4
Others[(i)]	1,700	3.8	607	2.0	925	3.1
Total	**44,936**	**100.0**	**30,198**	**100.0**	**29,885**	**100.0**

Note:

(i) Included primarily travel expenses.

Impairment Losses under ECL Model, Net of Reversal

Our impairment losses under expected credit loss ("**ECL**") model, net of reversal, related to the ECL of our trade and other receivables, taking into account of the aging profile and credit risk characteristics of the receivables. We use ECL rate determined by our management to measure the loss allowance of our trade and bill receivables. We recorded net impairment gains under ECL model of RMB69,000 in 2023, while net impairment losses under ECL model of RMB0.1 million and RMB0.8 million in 2024 and 2025, respectively.

Finance Costs

Our finance costs consisted primarily of (i) interest on borrowings, (ii) interest on redemption liabilities in relation to the redemption right granted to our investors, and (iii) interest on other long-term liabilities in relation to investments by local governments into our two subsidiaries. The following table sets forth the breakdown of our finance costs for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on borrowings	27,743	13,700	16,206
Interest on redemption liabilities[(i)]	3,475	22,767	26,000
Interest on other long term liabilities	9,921	7,393	7,400
Interest on lease liabilities	611	370	142
Total	**41,750**	**44,230**	**49,748**

Note:

(i) See note 29 to the Accountants' Report set out in Appendix I to this document.

Share of Results of Joint Ventures

Our share of results of joint ventures represented (i) a joint venture with a local government investment platform and (ii) a joint venture with an independent third party. We recorded losses on share of results of joint ventures of RMB0.4 million, RMB0.6 million and RMB0.6 million in 2023, 2024 and 2025, respectively.

Income Tax Credit (Expense)

We are subject to income tax on an entity basis in the jurisdictions where our subsidiaries are domiciled and operate. Under the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) and the respective regulations ("**EIT Law**"), the applicable statutory tax rate of our PRC subsidiaries is 25% unless those subject to tax exemption set out below. We and a subsidiary were qualified as High and New Technology Enterprises ("**HNTE**") during the Track Record Period, and were therefore entitled to a preferential EIT rate of 15% during the same period. Such qualification is subject to review by the relevant tax authority in the PRC for every three years. In addition, we and one of our subsidiaries enjoyed the super deduction allowance for qualified research and development expenses, where enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax-deductible expenses when determining their assessable profits.

Our income tax expense (credit) consisted of current income tax and deferred tax. The following table sets forth the breakdown of our income tax expense for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax			
PRC Enterprise Income Tax	11,019	704	548
Deferred tax			
Current year	(39,752)	1,292	6,481
	(28,733)	1,996	7,029

During the Track Record Period and up to the Latest Practicable Date, we had paid all income tax expenses that were due and applicable to us and had no material disputes or unresolved tax issues with relevant tax authorities.

For more details, see note 10 to the Accountants' Report in Appendix I to this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased slightly by 0.6% from RMB734.6 million in 2024 to RMB738.6 million in 2025, primarily due to an increase of RMB2.7 million in our battery-swapping solutions business.

Our revenue from battery-swapping solutions business increased from RMB734.0 million in 2024 to RMB736.6 million in 2025, primarily due to an increase of RMB20.0 million in battery-swapping solutions through business partners as a result of an increase in the number of our business partners, reflecting our strategic efforts to expand our business partner network that led to more asset-light business of battery-swapping solutions through partnership, offset by a decrease of RMB17.3 million in battery-swapping solutions through self-operated stations.

Cost of sales

Our cost of sales increased by 1.2% from RMB535.9 million in 2024 to RMB542.5 million in 2025, primarily due to (i) an increase of RMB48.8 million in depreciation expenses as a result of our deployment of more self-developed new batteries and (ii) an increase of RMB14.6 million in others as a result of the increased costs incurred by the more hardware sales, offset by (i) a decrease of RMB28.4 million in site service costs as we obtained more favorable commercial terms from site service providers and (ii) a decrease of RMB30.4 million in impairment losses primarily because we recognized all the impairment in relation to the batteries with quality issues in 2023 and 2024.

Gross Profit and Gross Profit Margins

Our gross profit remained relatively stable at RMB198.7 million in 2024 and RMB196.2 million in 2025, respectively. Our gross profit margin remained relatively stable at 27.0% in 2024 and 26.6% in 2025, respectively.

Other Income

Our other income decreased by 16.7% from RMB26.1 million in 2024 to RMB21.7 million in 2025, primarily due to (i) a decrease of RMB1.5 million in interest on amount due from a supplier as a result of the partial repayment by such supplier and (ii) a decrease of RMB2.1 million in rental income, net of outgoings as a result of our repossession of certain warehouse leased to an auto parts supplier for our own use.

Other Gains and Losses

We recorded net losses in other gains and losses, which remained relatively stable at RMB5.1 million and RMB5.4 million in 2024 and 2025, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 14.9% from RMB94.4 million in 2024 to RMB80.4 million in 2025, primarily due to a decrease of RMB30.2 million in marketing fees as we engaged more internal marketing efforts instead of external marketing services, partially offset by an increase of RMB12.7 million in employee benefits expenses as we engaged more internal marketing efforts instead of external marketing efforts.

Administrative Expenses

Our administrative expenses decreased by 14.6% from RMB42.2 million in 2024 to RMB36.0 million in 2025, primarily due to (i) a decrease of RMB1.5 million in depreciation expenses as a result of our relocation to a new leased premise at a lower price, (ii) a decrease of RMB1.7 million in professional service fees as a result of fewer patent fees, and (iii) a decrease of RMB1.7 million in office expenses as a result of our relocation of office premise which incurred one-off expenses for office renovation in 2024.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB29.9 million in 2025, as compared to RMB30.2 million in 2024.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our net impairment losses increased from RMB0.1 million in 2024 to RMB0.8 million in 2025, primarily due to (i) increased unrecovered site service deposits and (ii) increased unrecoverable trade receivables from our business partners, which was in line with the expansion of our business partner network.

Finance Costs

Our finance costs increased by 12.5% from RMB44.2 million in 2024 to RMB49.7 million in 2025, primarily due to (i) an increase of RMB3.2 million in interest on redemption liabilities in connection with the redemption rights we granted to our investors and (ii) an increase of RMB2.5 million in interest on borrowings as a result of more bank borrowings.

Share of Results of Joint Ventures

We recorded losses on share of results of joint ventures of RMB0.6 million in 2024 and 2025, respectively, as a result of the loss-making positions of our joint ventures.

Income Tax Expenses

Our income tax expenses increased from RMB2.0 million in 2024 to RMB7.0 million in 2025, primarily due to our increased profit before tax.

Profit for the Year

Our profit for the year increased from RMB5.9 million in 2024 to RMB8.2 million in 2025, and our net profit margin increased from 0.8% to 1.1%. The increases in both our net profit and net profit margin were primarily due to (i) our improved operational efficiency as a result of our proactive operation optimization initiatives, such as the engagement of our internal marketing efforts instead of external marketing services and (ii) the disappeared effect of impairment losses on batteries with quality issues which had been fully recognized in 2023 and 2024.

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

Revenue

Our revenue increased by 5.6% from RMB695.8 million in 2023 to RMB734.6 million in 2024, primarily due to an increase of RMB38.9 million in our battery-swapping solutions business.

Our revenue from battery-swapping solutions business increased from RMB695.0 million in 2023 to RMB734.0 million in 2024, primarily due to an increase of RMB40.1 million in our battery-swapping solutions through self-operated stations, as a result of the increases in the number of our self-operated cabinets and paying users, reflecting our continuous efforts to expand our business, in particular the network of our self-operated stations.

Cost of Sales

Our cost of sales decreased by 10.4% from RMB597.9 million in 2023 to RMB535.9 million in 2024, primarily due to a decrease of RMB80.0 million in impairment losses in relation to batteries with quality issues, as partially offset by an increase of RMB27.1 million in site service costs, in line with the expansion of our business and revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 102.8% from RMB98.0 million in 2023 to RMB198.7 million in 2024, and our gross profit margin increased from 14.1% in 2023 to 27.0% in 2024. The increases in both our gross profit and gross profit margin were primarily due to the increases in the gross profit and gross profit margin of our battery-swapping solutions business.

Our gross profit of battery-swapping solutions business increased from RMB97.9 million in 2023 to RMB198.7 million in 2024, and our gross profit margin of battery-swapping solutions business increased from 14.1% in 2023 to 27.1% in 2024. The increases in both our gross profit and gross profit margin of our battery-swapping solutions business were primarily as a result of the combined effects of (i) the significantly decreased impairment losses in relation to the batteries with quality issues, most of which had been recognized in 2023 and (ii) our increased revenue.

Other Income

Our other income remained relatively stable at RMB26.1 million in 2023 and 2024, respectively.

Other Gains and Losses

We recorded other gains of RMB10.3 million in 2023, primarily due to net gains of RMB8.6 million on disposal of outdated batteries, while other losses of RMB5.1 million in 2024, primarily due to net losses of RMB5.7 million on disposal of outdated batteries.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 20.6% from RMB78.3 million in 2023 to RMB94.4 million in 2024, primarily due to (i) an increase of RMB9.2 million in employee benefits expenses as a result of more performance bonuses paid to our expanded sales force and (ii) an increase of RMB4.5 million in marketing fees, both of which were generally in line with our business expansion and revenue growth.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB42.2 million in 2024, as compared to RMB42.4 million in 2023.

Research and Development Expenses

Our research and development expenses decreased by 32.8% from RMB44.9 million in 2023 to RMB30.2 million in 2024, primarily due to a decrease of RMB12.7 million in employee benefits expenses as a result of the optimization of our corporate structure and human resources.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded net impairment gains of RMB69,000 in 2023 as a result of the settlement with a customer, while net impairment losses of RMB124,000 in 2024.

Finance Costs

Our finance costs increased by 5.9% from RMB41.8 million in 2023 to RMB44.2 million in 2024, primarily due to an increase of RMB19.3 million in interest on redemption liabilities as a result of additional capital injection in connection with the financing which granted the investors redemption right, partially offset by a decrease of RMB14.0 million in interest on borrowings as a result of the decrease in borrowings and the corresponding interest rates.

Share of Results of Joint Ventures

We recorded losses on share of results of joint ventures of RMB0.4 million in 2023 and RMB0.6 million in 2024, respectively, due to the loss-making position of our joint ventures.

Income Tax Credit (Expense)

We recorded income tax credit of RMB28.7 million in 2023, as a result of our loss-making position and the temporary differences arising from a one-off impairment losses in batteries, while income tax expense of RMB2.0 million in 2024, as a result of our increased profit before tax.

(Loss) Profit for the year

We recorded loss for the year of RMB44.6 million in 2023, while profit for the year of RMB5.9 million in 2024. This was primarily due to (i) our increased gross profit as a result of our business expansion and (ii) the decrease in impairment losses on batteries with quality issues most of which was recognized in 2023.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our financial position as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	752,065	749,050	778,098
Right-of-use assets	86,947	78,047	76,518
Interests in joint ventures	2,472	1,860	1,309
Deferred tax assets	80,809	78,040	70,863
Prepayment for acquisition of property, plant and equipment	7,137	10,207	14,846
	929,430	917,204	941,634
Current assets			
Inventories	6,060	7,131	10,408
Financial assets at fair value through profit or loss ("**FVTPL**")	103	–	–
Trade and bill receivables	918	460	3,166
Prepayments and other receivables	238,979	189,981	160,005
Restricted bank deposits	161,742	127,138	110,661
Time deposits	–	–	30,000
Cash and cash equivalents	77,793	28,442	97,015
	485,595	353,152	411,255

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities			
Trade, bills and other payables	542,894	368,827	407,531
Tax liabilities	11,019	11,581	6,515
Contract liabilities	44,721	42,878	46,305
Borrowings	276,568	211,783	245,131
Lease liabilities	3,445	596	1,301
Deferred income	3,913	2,898	1,478
Redemption liabilities	173,475	351,242	377,242
Other long-term liabilities due within one year	196,726	146,797	27,087
	1,252,761	1,136,602	1,112,590
Net current liabilities	**(767,166)**	**(783,450)**	**(701,335)**
Total assets less current liabilities	**162,264**	**133,754**	**240,299**
Non-current liabilities			
Deferred tax liabilities	2,173	696	–
Borrowings	187,438	156,605	130,486
Lease liabilities	7,492	1,783	1,356
Deferred income	56,368	53,470	51,992
Other long-term liabilities	–	–	127,110
	253,471	212,554	310,944
Net Liabilities	**(91,207)**	**(78,800)**	**(70,645)**
Capital and Reserves			
Paid-in capital	79,481	99,831	99,831
Reserves	(173,932)	(178,631)	(170,476)
Equity attributable to Owners of the Company	(94,451)	(78,800)	(70,645)
Non-controlling interests	3,244	–	–
Total deficit	**(91,207)**	**(78,800)**	**(70,645)**

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) operating equipment; (ii) buildings and plants; (iii) machinery; (iv) leasehold improvement and others, and (v) construction in progress.

Our property, plant and equipment remained relatively stable at RMB749.1 million as of December 31, 2024, as compared to RMB752.1 million as of December 31, 2023. our property, plant and equipment increased to RMB778.1 million as of December 31, 2025, primarily due to our increased construction in progress as a result of the establishment of more self-operated stations.

Right-of-use Assets

Our right-of-use assets represented leased land for our production facilities and leased properties for our office premises. The following table sets forth the carrying amount of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets:			
Leasehold lands	77,297	75,663	74,028
Leased properties	9,650	2,384	2,490
	86,947	**78,047**	**76,518**

Our right-of-use assets decreased from RMB86.9 million as of December 31, 2023 to RMB78.0 million as of December 31, 2024, primarily due to a decrease of RMB7.3 million in leased properties as a result of the relocation to our new leased office premise at a lower-price. Our right-of-use assets remained relatively stable at RMB76.5 million as of December 31, 2025.

Deferred Tax Assets

Our deferred tax assets arose primarily from unrealized profits from intercompany transactions, impairment losses on assets, and loss carryover. See note 25 to the Accountants' Report included in Appendix I to this document for details reading the components of our deferred tax assets. Our deferred tax assets remained relatively stable at RMB78.0 million as of December 31, 2024, as compared to RMB80.8 million as of December 31, 2023. Our deferred tax assets decreased to RMB70.9 million as of December 31, 2025, primarily due to an one-off tax liability recognized in relation to asset purchases.

Inventories

Our inventories consisted of spare parts used for the repair and maintenance of our battery-swapping cabinets. The following table sets forth the carrying value of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Spare parts	6,060	7,131	10,408

The carrying value of our inventories increased from RMB6.1 million as of December 31, 2023 to RMB7.1 million as of December 31, 2024, and further to RMB10.4 million as of December 31, 2025, in line with the increases in the number of our cabinets and batteries.

The following table sets forth the aging analysis of our inventory as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within in one year	4,489	5,410	8,979
Over one year	1,571	1,721	1,429

Due to the nature of our business model – provision of battery-swapping solutions – we maintained a low level of inventories during the Track Record Period. We have implemented a strict inventory management system at our headquarters level to monitor the procurement, storage and distribution of inventories. We typically conduct monthly reviews on inventories to check the raw materials, goods and packaging materials on hand against the records in operating systems. We periodically assess the impairment on our inventories. In particular, we review our inventories as of the end of each accounting period and record impairment losses on inventories if we estimate the relevant inventories could not be utilized before the end of their validity period.

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Inventory turnover days[(i)]	N/A	4.5	5.9

Note:

(i) Inventory turnover days were calculated based on the average of opening and closing inventory balance divided by cost of sales for the relevant year, and multiplied by the number of days in the relevant year, being 365 days for the years ended December 31, 2023, 2024 and 2025.

Our inventory turnover days increased from 4.5 days in 2024 to 5.9 days in 2025, in line with the increased balances of our inventories as of December 31, 2025.

As of March 31, 2026, approximately RMB3.7 million, or 35.5% of our inventories as of December 31, 2025, had been subsequently consumed or sold.

Trade and Bill Receivables

Our trade and bill receivables represented primarily receivables due from our business partners for the purchase of our battery-swapping hardware. The following table sets forth our trade and bill receivables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	1,883	1,704	4,929
Bills receivables	300	145	22
	2,183	1,849	4,951
Less: Allowance for credit losses	(1,265)	(1,389)	(1,785)
Total trade and bill receivables	**918**	**460**	**3,166**

Due to the nature of our business model, riders and other customers typically prepay for our solutions. As a result, we maintain a low level of trade and bill receivables, with RMB0.9 million as of December 31, 2023, RMB0.5 million as of December 31, 2024, and RMB3.2 million as of December 31, 2025.

We recorded allowance for credit losses of RMB1.3 million, RMB1.4 million and RMB1.8 million as of December 31, 2023, 2024 and 2025, respectively, primarily as a result of the delayed payment from independent third parties. We applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. We determined the ECL on these items on an individual basis for customers which are credit- impaired and the remaining is estimated collectively by using a provision matrix, estimated based on debtors' aging because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The bills receivables are determined to have low credit risk at the end of each reporting period. The credit risk on bills receivables is limited because the counterparties are reputable financial institutions, the risk of inability to pay or redeem at the due date is low.

Our trade receivables are typically settled within 60 days since their due dates. For trade receivables with aging exceeding 365 days, we have recognized a full provision for expected credit losses. The following table sets forth the aging analysis of our trade receivables net of allowance for expected credited losses, based on the date of revenue recognition, as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
0–60 days	543	262	2,313
61–120 days	14	15	236
121–180 days	61	38	124
181–365 days	–	–	471
	618	315	3,144

We typically require prepayment from our customers. To a less extent, for business partner purchasing a large amount of products, we may grant credit terms of up to six months. The following table sets forth the number of our trade and bill receivables turnover days for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Trade and bill receivables turnover days[(i)]	N/A	0.3	0.9

Note:

(i) Trade and bill receivables turnover days were calculated based on the average of opening and closing balance of trade and bill receivables divided by revenue for the relevant period, and multiplied by the number of days in the relevant period, being 365 days for the years ended December 31, 2023, 2024 and 2025.

Our trade and bill receivables turnover days were 0.3 days in 2024 and 0.9 days in 2025, respectively.

As of the March 31, 2026, approximately RMB3.0 million, or 60.6% of our trade and bill receivables as of December 31, 2025 had been subsequently settled.

Prepayments and Other Receivables

Our prepayments and other receivables comprised primarily of (i) prepayments to suppliers in relation primarily to the purchases of electricity, (ii) deductible VAT, (iii) deposits in relation to site services, (iv) amount due from shareholders; (v) amount due from a supplier; and (vi) amount due from an independent third party. The following table sets forth the balances of our prepayments and other receivables as of the dates indicated:

	As of December, 31		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to suppliers	20,022	18,275	16,791
Deductible VAT	46,293	15,049	9,228
Deposits	3,524	3,557	3,037
Amount due from shareholders(i)	27,270	27,272	27,272
Amount due from a supplier(ii)	120,799	101,086	83,307
Amount due from an independent third party(iii)	20,000	20,000	20,000
Others(iv)	1,071	4,742	801
Less: Allowance for credit losses	–	–	(431)
Total prepayments and other receivables	**238,979**	**189,981**	**160,005**

Notes:

(i) Such balance was settled in full in March 2026. For details, see note 21 to the Accountants' Report set out in Appendix I to this document.

(ii) See note 21 to the Accountants' Report set out in Appendix I to this document.

(iii) Such balance was settled in full in April 2026. For details, see note 21 to the Accountants' Report set out in Appendix I to this document.

(iv) Included primarily petty cash, social security withholding receivables, and receivables in relation to disposal of batteries.

Our prepayments and other receivables decreased from RMB239.0 million as of December 31, 2023 to RMB190.0 million as of December 31, 2024, primarily due to (i) a decrease of RMB31.2 million in deductible VAT arising from our purchase of a amount of cabinets and batteries in 2023 and (ii) a decrease of RMB19.7 million in receivables as a result of repayment from a supplier. Our prepayments and other receivables further decreased to RMB160.0 million as of December 31, 2025, primarily due to (i) a decrease of RMB17.8 million in receivables as a result of repayment from a supplier and (ii) a decrease of RMB5.8 million in deductible VAT.

Our other receivables represent (i) amount due from shareholders, (ii) deposits, (iii) amount due from a supplier, (iv) amount due from an independent third party, (v) amount due from subsidiaries and others. Taking into account counterparties' historical settlements records and credit quality, we consider that our other receivables are expected to be recoverable and the ECL on other receivables are insignificant, except for the loss of certain deposits with gross carrying amounts of RMB0.4 million as of December 31, 2025.

As of March 31, 2026, approximately RMB35.0 million, or 21.8% of our prepayments and other receivables as of December 31, 2025, had been settled.

Restricted Bank Deposits, Time Deposits and Cash and Cash Equivalent

The following table sets out the balance of our restricted bank deposits, time deposits, and cash and cash equivalents as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
Restricted bank deposits[(i)]	161,742	127,138	110,661
Time deposits	–	–	30,000
Cash and cash in bank	77,793	28,442	97,015
Total	**239,535**	**155,580**	**237,676**

Note:

(i) Represented deposits pledged to banks to secure the issuance of bill payables.

Our restricted bank deposits, time deposits, and cash and cash equivalents decreased from RMB239.5 million as of December 31, 2023 to RMB155.6 million as of December 31, 2024, primarily due to the settlement of our purchases of operational assets, such as cabinets and batteries, in 2024. Our restricted bank deposits, time deposits, and cash and cash equivalents increased to RMB237.7 million as of December 31, 2025, primarily due to (i) our improved operating cash inflow as a result of our improved profitability and (ii) our less capital expenditure in 2025.

For details regarding our restricted bank deposits, time deposits, and cash and cash equivalents, see note 22 to the Accountants' Report included in Appendix I to this document.

Trade, Bills and Other Payables

Our trade, bills and other payables consisted of (i) trade payables representing amounts due to suppliers for site services, (ii) bills payables for acquisition of property, plant and equipment in relation to the purchase of our batteries, battery cells, and cabinets, (iii) payables for acquisition of property, plant and equipment primarily in relation to the purchase of battery cells and construction of production lines, (iv) accrued payroll and welfare in relation to employee compensation payables, (v) other tax payable in relation to VAT, and (vi) deposits received from customers for securing our batteries. The following table set forth our trade, bills and other payables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	25,494	30,276	29,684
Bills payables	161,381	117,767	139,370
Sub-total	186,875	148,043	169,054
Payables for acquisition of property, plant and equipment	307,082	185,704	183,930
Payroll and welfare payables	6,392	6,004	8,606
Other tax payable	9,204	4,578	18,145
Amount due to a related party(i)	9,800	–	–
Deposits	19,850	18,354	22,928
Others(ii)	3,691	6,144	4,868
Total trade, bills and other payables	**542,894**	**368,827**	**407,531**

Note:

(i) Such balance was settled in September 2024. For details, see note 23 to the Accountants' Report set out in Appendix I to this document.

(ii) Related primarily to payables for selling and marketing expenses and administrative expenses.

Our trade, bills and other payables decreased from RMB542.9 million as of December 31, 2023 to RMB368.8 million as of December 31, 2024, primarily due to (i) a decrease of RMB43.6 million in bills payables as a result of our purchase of operational assets, such as cabinets and batteries, (ii) a decrease of RMB121.4 million in payables for acquisition of property, plant and equipment, as a result of our in-house production of cabinets and batteries instead of purchases, and (iii) a decrease of RMB9.8 million in amount due to a related party as a result of full settlement. Our trade, bills and other payables increased to RMB407.5 million as of December 31, 2025, primarily due to (i) an increase of RMB21.6 million in bills payables because we used more bills in settlement with suppliers, and (ii) an increase of RMB13.6 million in other tax payable primarily because we used most of the deductible input VAT in 2024.

Our suppliers typically grant a credit period ranging from 0 to 90 days to us. The following table sets forth an aging analysis of our trade payables, based on the invoice date, as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
0–60 days	23,682	28,871	29,670
61–120 days	24	14	–
121–180 days	–	8	4
181–365 days	1,782	1,383	4
Over 365 days	6	–	6
Total	**25,494**	**30,276**	**29,684**

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

	Year ended December 31,		
	2023	**2024**	**2025**
Trade payables turnover days[(i)]	N/A	19.0	20.2

Note:

(i) Trade payables days were calculated based on the average of opening and closing trade payables balance divided by cost of sales for the relevant period, and multiplied by the number of days in the relevant period, being 365 days for the years ended December 31, 2023, 2024 and 2025.

Our trade payables turnover days remained relatively stable at 19.0 days in 2024 and 20.2 days in 2025, respectively.

As of March 31, 2026, approximately RMB278.7 million, or 68.4% of our trade, bills and other payables as of December 31, 2025, had been subsequently settled.

Our Directors confirm that we had no material defaults in our trade, bills and other payables during the Track Record Period and up to the Latest Practicable Date.

Contract liabilities

Our contract liabilities represented prepayment by our customers for our solutions that have not been provided. Our contract liabilities remained relatively stable at RMB44.7 million, RMB42.9 million and RMB46.3 million as of December 31, 2023, 2024 and 2025, respectively.

Redemption Liabilities

Our redemption liabilities related to the redemption right granted to our investors increased from RMB173.5 million as of December 31, 2023 to RMB351.2 million as of December 31, 2024, and further to RMB377.2 million as of December 31, 2025, in line with the payment timeline of the capital injection in 2023 and/or 2024. The redemption liabilities will be waived prior to the **[REDACTED]**, and all accumulated interest expenses will be reclassified to equity. For more details, see note 29 to the Accountants' Report set out in Appendix I to this document.

NET CURRENT LIABILITIES

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	
Current assets				
Inventories	6,060	7,131	10,408	14,511
Financial assets at FVTPL	103	–	–	–
Trade and bill receivables	918	460	3,166	18,647
Prepayments and other receivables	238,979	189,981	160,005	154,240
Restricted bank deposits	161,742	127,138	110,661	97,037
Time deposits	–	–	30,000	–
Cash and cash equivalents	77,793	28,442	97,015	75,060
Total current assets	**485,595**	**353,152**	**411,255**	**359,495**
Current liabilities				
Trade, bills and other payables	542,894	368,827	407,531	402,614
Tax liabilities	11,019	11,581	6,515	6,413
Contract liabilities	44,721	42,878	46,305	42,355
Borrowings	276,568	211,783	245,131	248,020
Lease liabilities	3,445	596	1,301	1,662
Deferred income	3,913	2,898	1,478	1,478
Redemption liabilities	173,475	351,242	377,242	383,742
Other long-term liabilities due within one year	196,726	146,797	27,087	–
Total current liabilities	**1,252,761**	**1,136,602**	**1,112,590**	**1,086,284**
Net current liabilities	**(767,166)**	**(783,450)**	**(701,335)**	**(726,789)**

We recorded net current liabilities of RMB726.8 million as of March 31, 2026, consisting of total current liabilities of RMB1086.3 million and total current assets of RMB359.5 million, representing a decrease of RMB25.5 million from our net current liabilities of RMB701.3 million as of December 31, 2025, primarily due to a decrease of RMB65.6 million in restricted bank deposits, time deposits and cash and cash equivalent as a result of the purchases of battery cells and other materials for the manufacturing of batteries and cabinets, partially offset by (i) a decrease of RMB27.1 million in other long-term liabilities due within one year and (ii) an increase of RMB15.5 million in trade and bill receivables.

We recorded net current liabilities of RMB701.3 million as of December 31, 2025, consisting of total current liabilities of RMB1,112.6 million and total current assets of RMB411.3 million, representing a further increase of RMB82.1 million from our net current liabilities of RMB783.5 million as of December 31, 2024, primarily due to (i) an increase of RMB82.1 million in restricted bank deposits, time deposits and cash and cash equivalents; and (ii) a decrease of RMB119.7 million in other long-term liabilities due within one year. This was partially offset by (i) an increase of RMB38.7 million in trade, bills and other payables; (ii) a decrease of RMB30.0 million in prepayments and other receivables; (iii) an increase of RMB26.0 million in redemption liabilities; and (iv) an increase of RMB33.3 million in borrowings.

We recorded net current liabilities of RMB783.5 million as of December 31, 2024, consisting of total current liabilities of RMB1,136.6 million and total current assets of RMB353.2 million, representing a further decrease of RMB16.3 million from our net current liabilities of RMB767.2 million as of December 31, 2023, primarily due to (i) a decrease of RMB49.0 million in prepayments and other receivables; (ii) an increase of RMB177.8 million in redemption liabilities; (iii) a decrease of RMB84.0 million in restricted bank deposits, time deposits and cash and cash equivalents; and (iv) a decrease of RMB0.5 million in trade and bill receivables. This was partially offset by (i) a decrease of RMB174.1 million of trade, bills and other payables; (ii) a decrease of RMB64.8 million in borrowings; and (iii) a decrease of RMB49.9 million in other long-term liabilities due within one year; and (iv) a decrease of RMB1.8 million in contract liabilities.

We recorded net current liabilities of RMB767.2 million as of December 31, 2023, consisting of total current liabilities of RMB1,252.8 million and total current assets of RMB485.6 million.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital Sufficiency

During the Track Record Period, we met our working capital requirements primarily from cash generated from operating activities, bank borrowings, as well as capital contributions from our shareholders.

Taking into account our available financial resources, including our expected cash flows from operating activities and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have sufficient working capital to satisfy our present operational needs as well as our anticipated capital requirements for the next 12 months from the date of this document.

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	*RMB'000*	*RMB'000*
Net cash flows from operating activities	273,208	302,996	323,609
Net cash flows used in investing activities	(437,534)	(333,907)	(245,019)
Net cash from (used in) financing activities	186,725	(18,440)	(10,017)
Net increase (decrease) in cash and cash equivalents	22,399	(49,351)	68,573
Cash and cash equivalents at January 1	55,394	77,793	28,442
Total cash and cash equivalents at December 31	**77,793**	**28,442**	**97,015**

Operating Activities

Cash flows from our operating activities are derived from loss/profit before tax, adjusted for non-cash or non-operating related items, including primarily finance costs, interest income, gains/losses on disposal of property, plant and equipment, and depreciation of property, plant and equipment.

Our net cash inflow from operating activities was RMB323.6 million in 2025. This net cash inflow was primarily due to (i) profit before tax of RMB15.2 million, as adjusted to reflect non-cash or non-operating items, primarily comprising finance costs of RMB49.7 million, depreciation of property, plant and equipment of RMB242.9 million, losses on disposal of property, plant and equipment of RMB5.6 million, and interest income of RMB7.8 million, (ii) an increase of RMB18.9 million in trade, bills and other payables, and (iii) a decrease of RMB7.3 million in prepayments and other receivables, partially offset by (i) an increase of RMB3.3 million in inventories and (ii) a decrease of RMB2.9 million in deferred income and (iii) income taxes paid of RMB5.6 million. For the reasons regarding the fluctuations in the balances of the relevant balance sheet items, see "– Discussion of Certain Key Items of Consolidated Statements of Financial Position."

Our net cash inflow from operating activities was RMB303.0 million in 2024. This net cash inflow was primarily due to (i) profit before tax of RMB7.9 million, as adjusted to reflect non-cash or non-operating items, primarily comprising finance costs of RMB44.2 million, depreciation of property, plant and equipment of RMB194.2 million, impairment loss on property, plant and equipment of RMB30.4 million, interest income of RMB10.5 million, and losses on disposal of property, plant and equipment of RMB5.7 million, (ii) a decrease of

RMB33.1 million in prepayments and other receivables, as partially offset by (i) a decrease of RMB0.3 million in trade and bills receivables, (ii) a decrease of RMB3.9 million in deferred income. For the reasons regarding the fluctuations in the balances of the relevant balance sheet items, see "– Discussion of Certain Key Items of Consolidated Statements of Financial Position."

Our net cash inflow from operating activities was RMB273.2 million in 2023. This net cash inflow was primarily due to (i) loss before tax of RMB73.3 million, as adjusted to reflect non-cash or non-operating items, primarily comprising finance costs of RMB41.8 million, depreciation of property, plant and equipment of RMB198.8 million, impairment loss on property, plant and equipment of RMB110.4 million, gains on disposal of property, plant and equipment of RMB8.6 million, and interest income of RMB8.6 million, (ii) an increase of RMB28.1 million in trade, bills and other payables, (iii) a decrease of RMB16.9 million in trade and bills receivables, and (iv) an increase of RMB16.4 million in contract liabilities, partially offset by (i) an increase of RMB51.3 million in prepayments and other receivables and (ii) a decrease of RMB3.1 million in deferred income. For the reasons regarding the fluctuations in the balances of the relevant balance sheet items, see "– Discussion of Certain Key Items of Consolidated Statements of Financial Position."

Investing Activities

Our net cash used in investing activities primarily reflected our capital expenditures for the purchase and disposal of property, plant and equipment, purchase and disposal of financial assets at FVTPL, and deposit and withdrawal of restricted bank deposits and time deposits.

Our net cash outflow used in investing activities was RMB245.0 million in 2025, primarily due to (i) purchases of property, plant and equipment of RMB261.9 million; (ii) placement of restricted bank deposits and time deposits of RMB228.7 million, as partially offset by (i) withdrawal of restricted bank deposits and time deposits of RMB215.2 million and (ii) receipt of repayment from a supplier of RMB17.8 million.

Our net cash outflow used in investing activities was RMB333.9 million in 2024 primarily due to (i) purchases of property, plant and equipment of RMB399.6 million; (ii) placement of restricted bank deposits and time deposits of RMB476.2 million, and (iii) purchase of financial assets at FVTPL of RMB16.0 million, as partially offset by (i) withdrawal of restricted bank deposits and time deposits of RMB510.8 million, (ii) receipt of repayment from a supplier of RMB19.7 million, (iii) proceeds from disposal of financial assets at FVTPL of RMB16.3 million, and (iv) interest received of RMB10.5 million.

Our net cash outflow used in investing activities was RMB437.5 million in 2023 primarily due to (i) purchases of property, plant and equipment of RMB322.7 million; (ii) placement of restricted bank deposits and time deposits of RMB164.8 million, and (iii) purchase of financial assets at FVTPL of RMB58.0 million, as partially offset by (i) withdrawal of restricted bank deposits and time deposits of RMB11.1 million, (ii) proceeds from disposal of property, plant and equipment of RMB10.1 million, (iii) receipt of repayment from a supplier of RMB8.9 million, (iv) proceeds from disposal of financial assets at FVTPL of RMB62.1 million, and (v) interest received of RMB8.6 million.

Financing Activities

Our financing activities primarily related to capital contribution, new borrowings, acquisition of equity interest, repayments of other long-term liabilities, and interest paid.

Our net cash outflow used in financing activities was RMB10.0 million in 2025 primarily due to (i) repayment of borrowings of RMB229.1 million, (ii) interest paid of RMB15.6 million, as partially offset by new borrowings of RMB235.7 million.

Our net cash outflow used in financing activities was RMB18.4 million in 2024 primarily due to (i) repayments of borrowings of RMB272.9 million, (ii) repayments of other long-term liabilities of RMB57.3 million, (iii) repayments to a related party of RMB14.7 million, and (iv) acquisition of partial interest of a subsidiary of RMB4.9 million, as partially offset by (i) capital contributions of RMB166.4 million and (ii) new borrowings of RMB171.3 million.

Our net cash inflow from financing activities was RMB186.7 million in 2023, primarily due to (i) capital contributions of RMB170.0 million and (ii) new borrowings of RMB259.8 million, as partially offset by (i) repayments of borrowings of RMB212.7 million and interest paid of RMB31.4 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness consisted of borrowings, redemption liabilities, other long-term liabilities, and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	Year ended December 31,			**As of March 31,**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Lease liabilities	3,445	596	1,301	1,662
Borrowings	276,568	211,783	245,131	248,020
Amounts due to a related party	9,800	–	–	–
Redemption liabilities	173,475	351,242	377,242	383,742
Other long-term liabilities due within one year	196,726	146,797	27,087	–
	660,014	710,418	650,761	633,424
Non-current				
Lease liabilities	7,492	1,783	1,356	1,214
Borrowings	187,438	156,605	130,486	154,008
Other long-term liabilities	–	–	127,110	128,342
	194,930	158,388	258,952	283,564
Total	**854,944**	**868,806**	**909,713**	**916,988**

Our bank and other loans during the Track Record Period were denominated in RMB and were used to finance our capital expenditure and working capital requirements. The bank and other loans bear interests at both fixed-rate and variable-rate. Depending on the term of the bank loans, in 2023 and 2024 and 2025, the effective interest rates of our bank and other loans ranged from 2.45% to 6.00% per annum. As of December 31, 2023, 2024 and 2025, our bank and other loans of RMB184.6 million, RMB162.8 million and RMB252.4 million were guaranteed by our related parties, which will be released prior to the **[REDACTED]**.

The following table sets forth the maturity profile of our borrowings as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	276,568	211,783	245,131
Within a period of more than one year but not exceeding two years	59,863	51,355	57,086
Within a period of more than two years but not exceeding five years	103,095	103,330	73,400
Within a period of more than five years	24,480	1,920	–
Total	**464,006**	**368,388**	**375,617**

Our bank loan agreements contain standard terms, conditions and covenants customary for commercial bank loans in the PRC. As of the Latest Practicable Date, there were no material restrictive covenants in our indebtedness that would significantly limit our ability to incur additional indebtedness or conduct equity financing. Our Directors confirm that there has been no material change in our indebtedness position since December 31, 2025, being the latest practicable date for the purpose of the indebtedness statement, and up to the date of this document. As of the Latest Practicable Date, except for bank and other loans, we did not have plans for other material external debt financing.

As of March 31, 2026, we had unutilized credit facilities of RMB60.0 million. While we currently do not anticipate any material disruption to the availability of bank financing to support our operations and future development, we cannot assure you that we will continue to obtain such financing on commercially reasonable terms, or at all.

During the Track Record Period and as of the Latest Practicable Date, we had not experienced any difficulty in obtaining bank loans and other borrowings. We had no default in repayment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily consisted of expenditures on property, plant and equipment. We had capital expenditures of RMB322.7 million, RMB399.6 million and RMB261.9 million in 2023, 2024 and 2025, respectively.

We expect to incur additional capital expenditure in terms of property, plant and equipment and right-of-use assets. See "Future Plans and **[REDACTED]**." We intend to fund our planned capital expenditures through a combination of the **[REDACTED]** from the **[REDACTED]** as well as cash generated from operating activities. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business in the future.

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us. As of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details regarding the related party transactions during the Track Record Period and their corresponding balances as of the end day of each of the Track Record Period, see note 37 to the Accountants' Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions was conducted on an arm's length basis and would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

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

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

KEY FINANCIAL RATIOS

	Year ended December 31,		
	2023	**2024**	**2025**
		%	
Gross profit margin[(i)]	14.1	27.0	26.6
Net profit margin[(ii)]	(6.4)	0.8	1.1
Operating cash flow-to-revenue[(iii)]	39.3	41.2	43.8
EBITDA margin[(iv)]	24.6	33.6	41.7

Notes:

(i) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(ii) Net profit margin is calculated based on profit for the period divided by revenue and multiplied by 100%.

(iii) Operating cash flow-to-revenue ratio is calculated as dividing net cash flow from operating activities in a given year by revenue in the corresponding year.

(iv) EBITDA margin is calculated as dividing EBITDA by revenue and multiplied by 100%.

FINANCIAL RISKS

Our activities expose us to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. Our overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on our financial performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of our risk management is to identify and analyze the various risks faced by us, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range. For further details, see note 34 to the Accountants' Report in Appendix I to this document.

Credit Risk

We primarily engage in transactions with recognized and creditworthy third parties, including customers, suppliers and financial institutions. It is our policy that all customers seeking credit terms undergo internal credit verification procedures, and trade receivable balances are monitored on an ongoing basis. Our credit risk exposures are mainly attributable to trade and bills receivables, other receivables, restricted bank deposits, time deposits, cash and cash equivalents.

As of December 31, 2023, 2024 and 2025, our trade and bill receivables amounted to RMB0.9 million, RMB0.5 million and RMB3.2 million, respectively, with no significant concentration of credit risk from a single counterparty. For further details, see note 34 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

We monitor and maintain an adequate level of cash and cash equivalents, together with available bank credit facilities, to finance our daily operations and mitigate the impact of cash flow fluctuations. Our objective is to balance funding continuity and flexibility through the use of bank borrowings, lease liabilities and other financing instruments.

Our cash and cash equivalents were RMB77.8 million, RMB28.4 million and RMB97.0 million as of December 31, 2023, 2024 and 2025, respectively. We manage liquidity risk through monthly cash flow budgeting and rolling forecasts to ensure sufficient funds to meet short-term obligations. For further details, see note 34 to the Accountants' Report in Appendix I to this document.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to restricted bank deposits, time deposits, fixed-rate borrowings, lease liabilities, redemption liabilities and other long-term liabilities. We are also exposed to cash flow interest rate risk in relation to cash and cash equivalents and variable-rate borrowings. Our cash flow interest rate risk is mainly concentrated on the fluctuation of the market rates from the cash and cash equivalents and borrowings. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and ensure they are within reasonable range.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, our post-tax loss for the year ended December 31, 2023 would decrease/increase RMB1.2 million, and our post-tax profit for the year ended December 31, 2024 and 2025 would decrease/increase RMB1.1 million and RMB0.9 million. This is mainly attributable to our exposure to interest rates on its variable-rate bank borrowings. We currently have no formal interest rate hedging policies. Our management monitors our exposures on an on-going basis and will consider hedging interest rate risk should the need arises. For further details, see note 34 to the Accountants' Report in Appendix I to this document.

Capital management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain a sound capital structure to support business development and maximize shareholders' value. We manage our capital structure (comprising equity and net debt) and make adjustments based on changes in economic conditions, business needs and financing environment. To maintain or adjust the capital structure, we may secure bank borrowings, optimize debt maturity profiles, or raise equity financing through equity issuance. We do not have a predefined target debt ratio and prioritize capital allocation to core business expansion, research and development, and working capital supplementation. For further details, see note 33 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

We are incorporated under the laws of the PRC. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. We do not currently have a formal dividend policy or a predetermined payout ratio.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. We may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

We neither declared nor paid any dividends during the Track Record Period. For further details, see note 14 to the Accountants' Report in Appendix I to this document. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that we will be able to declare dividends of any amount each year or in any year.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had accumulated losses of RMB258.5 million.

[REDACTED] EXPENSES

The estimated total **[REDACTED]** expenses (based on the mid-point of our indicative **[REDACTED]** range for the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately RMB**[REDACTED]** million (or **[REDACTED]**% of the **[REDACTED]** estimated to be received by us from the **[REDACTED]**), of which an estimated amount of approximately RMB**[REDACTED]** million is expected to be expensed through the statement of profit or loss and the remaining amount of approximately RMB**[REDACTED]** million is expected to be recognized directly as a deduction from equity upon the **[REDACTED]**. The estimated total **[REDACTED]** expenses comprise: (i) **[REDACTED]** epxenses, including **[REDACTED]**, of approximately RMB**[REDACTED]** million; and (ii) **[REDACTED]** expenses of approximately RMB**[REDACTED]** million, including (a) fees paid and payable to legal advisers and reporting accountant of approximately RMB**[REDACTED]** million; and (b) other fees and expenses, including sponsor fees, of approximately RMB**[REDACTED]** million.

The **[REDACTED]** expenses above are the current estimate for reference only and the final amount to be recognized to our consolidated income statement is subject to audit and the then changes in variables and assumptions.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, (i) there had been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees, prospects, the industry where we operate, our market or regulatory environment to which we are subject since December 31, 2025, being the date of the latest consolidated financial position of our Group as set out in the Accountants' Report in Appendix I to this document; and (ii) there has been no event since December 31, 2025 that would materially affect the information shown 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, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.