You should read the following discussion and analysis together with our consolidated financial statements included in the Accountants' Report in Appendix I to this Document, together with the accompanying notes. Our consolidated financial statements were prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties. Our actual performance and results may differ materially from our expectations and predictions as a result of certain factors, including those set out in the sections entitled "Forward-Looking Statements," "Risk Factors," and elsewhere in this Document. In addition, certain industry issues also affect our financial condition and results of operations, as described in "Industry Overview."

OVERVIEW

We are a global provider of robotics solutions and associated enabling technologies that enhance human potential by building digital models for the real world and bringing autonomous transition to essential workflows in agriculture and livestock farming, construction, and facility management industries and beyond. Our integrated, proprietary hardware and software systems free the workforce from repetitive and menial tasks, empowering them to dedicate time and effort toward tasks that demanding human insight, careful exercise of judgement, and valuing creativity. Over the years, we have continued to advance our commitment to creating accessible robotics solutions and transforming the way people live and work for the better.

Our solutions, ranging from steering and construction control systems to scanners and robotic mowers, focus on addressing the most critical and widespread pain points faced by participants of our target industries. By offering affordable, technologically competitive, standardized solutions that address the common, often practical challenges within an industry, we help our end users achieve efficiency and enhance job satisfaction while driving significant growth in our business. Following substantial growth since our inception, we are now an established global player in the agricultural robotics solutions market. In the global agricultural robotics solutions market, we became the third largest provider of agricultural auto-steering system kits and the second largest provider of retrofit agricultural auto-steering system kits globally in terms of shipment, with market shares of approximately 9.7% and 17.5% in 2025, respectively. Since our inception, our continuum of innovations has propelled us to achieve rapid growth, establishing us as the youngest company among the top five industry players. In terms of revenue, we became the sixth largest provider of agricultural auto-steering system kits and the fourth largest provider of retrofit agricultural auto-steering system kits globally, with market shares of approximately 3.4% and 6.6% in 2025, respectively.

BASIS OF PREPARATION

Our Historical Financial Information has been prepared based on accounting policies which conform with IFRS Accounting Standards as issued by the IASB. 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, the historical financial information include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance. Our Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe the following are key factors that have affected and will continue to affect our business, results of operations and financial condition:

Demand for Our Solutions Driven by the Development of the Global Robotics Solutions Industry

The global demand for automation, particularly through robotics solutions, is a primary driver of our performance. As traditional operational models face limitations, such as labor dependency, rising costs, and the need for flexibility to support high-volume activities, robotics technologies have emerged as a transformative solution. Robotics solutions are increasingly chosen by businesses as a more flexible alternative for automation, supporting rapid industry growth and expanded adoption across sectors, including emerging subindustries such as the real world modeling market, agricultural and livestock farming robotics solutions market, and construction robotics solutions market. According to F&S, in the global agricultural robotics solutions market, we ranked sixth in terms of revenue of agricultural auto-steering system kits and fourth in terms of revenue of retrofit agricultural auto-steering system kits, with market shares of approximately 3.4% and 6.6% in 2025, respectively. We are strategically positioned in this high-growth market, offering robotics solutions that enhance operational efficiency, reduce manual labor reliance, and support flexible deployment across industries.

To maximize the benefits of this expanding market, we intend to continue to innovate, refining our solutions to deliver best-in-class performance, flexibility, and scalability. Our global presence and extensive portfolio allow us to respond rapidly to industry trends and to meet and exceed the needs of businesses across diverse sectors, including those in agriculture, infrastructure development, and simulation-based planning. By aligning with this growing global demand, we believe our rising penetration rate in the robotics industry reinforces our position as a market leader, enabling us to establish long-term partnerships with customers and drive our sustained growth.

Our ability to design and develop new robotic solutions and services and to address respective demands in various scenarios, including agriculture and livestock farming, construction, and facility management

Since we are subject to change in customers' demand from time to time, our ability to design and develop new products and AI-related services and to address their respective demands is crucial to our success. Our industry is characterized by rapidly evolving technology. We believe that our future success will depend on our ability to enhance our current products and services and to introduce new products and services that keep pace with this rapidly evolving technology. As such, our success depends on our ability to integrate new technology into our products and services, create new products and services and adapt to changing demands of our customers in a timely manner.

As a result, we may need to invest significant resources in R&D to maintain our market position, keep pace with technological changes and compete effectively. In 2023, 2024 and 2025, our R&D expenses amounted to RMB269.6 million, RMB232.1 million and RMB231.0 million, respectively. Such R&D cost represented approximately 50.9%, 40.7% and 31.2% of our total revenue in the same years, respectively. Our failure to improve our products and services, offer new products and services and adapt to changing demands in a timely and cost-effective manner could materially and adversely affect our business, financial condition and results of operations.

Building Strong Relationships with Key Customers and Growing Our Customer Base

At the core of our growth strategy is our commitment to reinforcing relationships with existing global customers while continuously broadening our customer base. By aligning closely with their evolving needs, we have cultivated long-standing partnerships with these key customers, driving significant business through repeat orders and large-scale deployments.

We leverage our comprehensive robotics solutions portfolio to meet varied operational needs for customers across different scenarios. This breadth in capabilities provides numerous opportunities for upselling and cross-selling, fostering customer loyalty and increasing revenue. Our strategic partnerships with major customers further establish ourselves as a trusted provider in the market, while our reputation for reliability and innovation attracts new end customers across additional regions and verticals.

To sustain growth, we are actively expanding into underpenetrated markets and to capture emerging opportunities in new end customer segments. This dual approach — deepening existing relationships while securing new end customers — enables us to capture a larger share of the rapidly expanding robotics solutions market and enhance our competitive position globally.

Our Ability to Manage Our Costs and Expenses and Achieve Operational Efficiency

Our ability to achieve profitability and sustainable growth depends in part on our management of cost of revenue. In 2023, 2024 and 2025, our cost of revenue was RMB245.8 million, RMB202.4 million and RMB253.1 million, respectively, accounting for 46.4%, 35.5% and 34.2% of our revenue for the same years, respectively. Our cost of revenue primarily consists of cost of raw materials cost, production costs and staff costs. Changes in any major component of our cost of revenue and our overall cost structure could have an impact on our gross profit and gross profit margin. For instance, our cost of materials accounted for 80.6%, 84.2% and 89.7% of our total cost of sales in 2023, 2024 and 2025, respectively. The procurement costs for such 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 risk management measures against such potential disruptions to our supply chain. In addition, our cost of sales and gross margin may, from time to time, be affected by the write-down of obsolete or slow-moving inventories. Going forward, as we further scale up our production capabilities to empower our product matrix and business expansion, we expect to achieve higher cost efficiency through the economies of scale and technology upgrades.

Our business and results of operations are also significantly affected by our operating expenses, which primarily comprised selling and distribution expenses, administrative expenses and research and development expenses during the Track Record Period. Our selling and distribution expenses and research and development expenses may continue to increase and account for a significant portion of our total operating expenses.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions and complex judgments related to accounting items. These estimates, assumptions and judgments have a significant impact on our financial position and results of operations. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our material accounting policies estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in the Notes 3 in the Accountants' Report in Appendix I to this document.

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Revenue	529,614	569,837	739,918
Cost of revenue	(245,777)	(202,386)	(253,068)
Gross profit	283,837	367,451	486,850
Other income	8,141	24,488	11,818
Selling and distribution expenses	(166,521)	(159,361)	(204,175)
Administrative expenses	(93,049)	(72,411)	(51,234)
Other gains/(losses), net	6,074	(24)	(962)
Research and development expenses	(269,561)	(232,058)	(230,960)
Finance costs	(5,422)	(11,011)	(10,959)
Fair value change of financial assets at fair value through profit or loss	(1,682)	(14,142)	(20,772)
Fair value changes of preferred shares	(185,529)	(239,145)	(241,461)
Fair value changes of Warrants	(4,782)	(9,235)	(2,627)
(Impairment losses) reversal of impairment under expected credit loss model, net	(43,141)	15,091	562
Impairment of investment properties	(3,610)	0	0
Share of result of a joint venture	0	436	(472)
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Loss before tax	**(475,245)**	**(329,921)**	**(281,732)**
Income tax credit/(expense)	4,184	(3,587)	642
Loss for the year	**(471,061)**	**(333,508)**	**(281,090)**

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we use adjusted net profit or loss (Non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS.

We define adjusted net profit or loss (Non-IFRS measure) as loss for the year adjusted by adding back (i) share-based compensations expenses, which are non-cash and non-operating in nature; (ii) fair value change of financial assets at fair value through profit or loss, which are non-cash and non-operating in nature; (iii) fair value changes of preferred shares non-recurring and non-cash in nature; and (iv) fair value changes of warrants, which are non-cash in nature. We believe that Non-IFRS measures facilitate the comparisons of operating performance and provide useful information to **[REDACTED]** and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the years may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and **[REDACTED]** should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles Non-IFRS measures for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Loss for the year	(471,061)	(333,508)	(281,090)
Share-based compensations expenses	10,420	13,798	8,988
Fair value change of financial assets at fair value through profit or loss	1,682	14,142	20,772
Fair value changes of preferred shares	185,529	239,145	241,461
Fair value changes of warrants	4,782	9,235	2,627
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted profit/(loss) for the year (Non-IFRS measure)	(268,648)	(57,188)	10,098

Revenue

By Segment

During the Track Record Period, we generated our revenue primarily from sales of various types of robotic products, covering agriculture and livestock farming, facility management and construction, and provision of software solutions such as Trion and farming management system. For provision of software solutions, we charged customers either a subscription fee for using our applications over a period of time, or a one-off fee for granting access to specific applications. Our revenue experienced an overall increase during the Track Record Period, driven by overall growth in the sales of our robotics products.

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

	Year ended December 31,					
	2023		2024		2025	
			(RMB in thousands except for percentages)			
Agriculture and livestock farming	470,348	88.8%	443,177	77.8%	497,536	67.2%
Product	419,145	79.1%	394,586	69.2%	436,004	58.9%
Components	51,203	9.7%	48,591	8.5%	61,532	8.3%
Construction	41,027	7.7%	82,807	14.6%	118,890	16.1%
Product	36,016	6.8%	75,062	13.2%	107,295	14.5%
Components	5,011	0.9%	7,745	1.4%	11,594	1.6%
Facility management	12,610	2.4%	32,174	5.6%	89,696	12.1%
Product	11,250	2.1%	30,430	5.3%	88,868	12.0%
Components	1,360	0.3%	1,744	0.3%	828	0.1%
Software	5,629	1.1%	11,679	2.0%	33,796	4.6%
Total	**529,614**	**100.0%**	**569,837**	**100.0%**	**739,918**	**100.0%**

By Geographical Market

During the Track Record Period, we derived the majority of our revenue from Europe and Asia. The following table sets forth a breakdown of our revenue by geographies, in absolute amounts and as percentages of total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands except for percentages)					
Europe	220,807	41.7%	301,076	52.8%	396,973	53.7%
Poland	19,847	3.7%	37,917	6.7%	66,214	8.9%
Austria	20,197	3.8%	16,848	3.0%	43,209	5.8%
Other countries	180,763	34.2%	246,311	43.1%	287,550	39.0%
Asia	245,857	46.4%	187,537	32.9%	223,749	30.2%
Mainland China	165,005	31.2%	121,651	21.3%	119,546	16.2%
Japan	15,435	2.9%	23,791	4.2%	33,334	4.4%
Other countries	65,417	12.3%	42,095	7.4%	70,869	9.6%
Americas	51,016	9.6%	66,777	11.8%	87,593	11.8%
Mexico	20,118	3.8%	29,656	5.2%	26,696	3.6%
United States	16,418	3.1%	10,047	1.8%	23,321	3.1%
Other countries	14,480	2.7%	27,074	4.8%	37,576	5.1%
ROW	11,934	2.3%	14,447	2.5%	31,603	4.3%
Total	**529,614**	**100.0%**	**569,837**	**100.0%**	**739,918**	**100.0%**

Note: Information about the Group's revenue from external customers is presented based on the location of the Group's direct contractual customers. Where sales are made to distributors, such geographical information reflects the location of those distributors, which may differ from the location of the ultimate end customers or the jurisdictions in which the products are ultimately sold or used.

Sales Volume and Average Selling Price

By Segment

The following table sets forth a breakdown of average selling prices and sales volumes by segment and major product categories for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
		(RMB per unit)		*(RMB per unit)*		*(RMB per unit)*
Agriculture and livestock farming	1,104,927	425.7	1,386,828	319.6	1,557,114	319.5
Product	43,017	9,743.7	39,896	9,890.3	57,968	7,521.5
Components	1,061,910	48.2	1,346,932	36.1	1,499,146	41.0
Construction	13,613	3,013.8	23,944	3,458.4	74,605	1,593.6
Product	2,046	17,603.2	4,632	16,205.0	9,935	10,799.7
Components	11,567	433.2	19,312	401.1	64,670	179.3
Facility management	7,434	1,696.2	86,229	373.1	117,974	760.3
Product	734	15,326.5	6,231	4,883.6	4,160	21,362.4
Components	6,700	203.0	79,998	21.8	113,814	7.3
Software	1,809	3,111.6	12,348	945.8	40,111	842.6

By Geographical Market

The following table sets forth a breakdown of average selling prices and sales volumes by geographical areas for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
		(RMB per unit)		*(RMB per unit)*		*(RMB per unit)*
Europe	42,665	5,175.4	62,729	4,799.6	77,495	5,122.6
Asia	1,066,297	230.6	1,432,304	130.9	1,694,232	132.1
Americas	16,236	3,142.2	11,853	5,633.7	12,967	6,755.1
ROW	2,585	4,615.9	2,462	5,868.0	5,109	6,185.7

Note: The revenue breakdown by geographical areas is presented based on the location of our direct contractual customers. In terms of revenue generated from distributors, the geographical classification reflects the location of the distributors, which may differ from the location of the end customers or the jurisdictions in which the products are ultimately sold or used.

During the Track Record Period, we had a overall decrease in average selling price, primarily due to the continuous increase in sales volume outpaced our increase in revenue and our strategic effort to expand market penetration and optimize product mix.

Cost of Revenue

By Nature

Our cost of revenue consists of raw material costs, production costs, and staff costs. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands except for percentages)					
Raw material costs	198,057	80.6%	170,437	84.2%	227,110	89.7%
Electronic components and electrical components	44,231	18.0%	34,240	16.9%	57,501	22.7%
Structural components	124,702	50.8%	104,075	51.4%	132,618	52.4%
Others	29,124	11.8%	32,122	15.9%	36,991	14.6%
Production costs	38,369	15.6%	26,686	13.2%	18,355	7.3%
Staff costs	9,351	3.8%	5,263	2.6%	7,603	3.0%
Total	**245,777**	**100.0%**	**202,386**	**100.0%**	**253,068**	**100.0%**

By Segment

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

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands except for percentages)					
Agriculture and livestock farming	225,560	91.8%	162,647	80.4%	183,198	72.4%
Construction	12,017	4.9%	22,294	11.0%	36,275	14.3%
Facility management	8,200	3.3%	17,445	8.6%	33,595	13.3%
Software	—	—	—	—	—	—
Total	**245,777**	**100.0%**	**202,386**	**100.0%**	**253,068**	**100.0%**

Gross Profit and Gross Profit Margin

By Segment

The following table sets forth a breakdown of our gross profit and gross profit margin by segment for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	(RMB in thousands except for percentages)					
Agriculture and livestock farming	244,788	52.0%	280,530	63.3%	314,338	63.2%
Construction	29,010	70.7%	60,513	73.1%	82,615	69.5%
Facility management	4,410	35.0%	14,729	45.8%	56,101	62.5%
Software	5,629	100.0%	11,679	100.0%	33,796	100.0%
Total	**283,837**	**53.6%**	**367,451**	**64.5%**	**486,850**	**65.8%**

During the Track Record Period, our gross profit margin increased from 53.6% in 2023 to 64.5% in 2024 and further increased to 65.8% in 2025 primarily due to our continued efforts to optimize our product mix where we strategically focus on products of high gross profit margin.

Other Income

Our other income primarily consists of: (i) government grants, representing asset-related grants, such as housing subsidies, and expense-related grants, including subsidies for attracting foreign investment, patent applications, talent recruitment, and qualifications such as High and New Technology Enterprise and Technology-based Small and Medium-sized Enterprise recognition; and (ii) bank interest income.

The following table sets forth a breakdown of our other income for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Government grants			
— related to assets	29	29	29
— related to expense items	5,775	21,162	3,292
Interest income	1,356	2,111	7,882
Rental income	850	567	—
Others	131	619	615
Total	**8,141**	**24,488**	**11,818**

Research and Development Expenses

Our research and development expenses consist of employee benefits expenses, material and associated costs, and office expenses. During the Track Record Period, our research and development expenses amounted to RMB269.6 million, RMB232.1 million and RMB231.0 million, respectively, representing 50.9%, 40.7% and 31.2% of our revenue, respectively. The overall decrease in our research and development expenses was primarily due to the continuous improvement of our R&D efficiency.

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

	Year ended December 31,					
	2023		2024		2025	
			(RMB in thousands except for percentages)			
Employee Benefits Expenses	226,780	84.1%	199,090	85.8%	190,113	82.3%
Office expenses	19,243	7.1%	18,150	7.8%	21,430	9.3%
Material and associated costs	23,117	8.6%	14,679	6.3%	18,582	8.0%
Others	421	0.2%	139	0.1%	835	0.4%
Total	**269,561**	**100.0%**	**232,058**	**100.0%**	**230,960**	**100.0%**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of employee benefits expenses, traveling expenses, promotion expenses, and logistics expenses.

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

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands except for percentages)					
Employee benefits expenses	102,033	61.3%	95,418	59.9%	112,135	54.9%
Logistics expenses	21,167	12.7%	27,782	17.4%	40,735	20.0%
Promotion expenses	24,372	14.6%	19,016	11.9%	24,702	12.1%
Traveling expenses	15,384	9.2%	12,171	7.6%	16,579	8.1%
Others	3,565	2.2%	4,974	3.2%	10,024	4.9%
Total	**166,521**	**100.0%**	**159,361**	**100.0%**	**204,175**	**100.0%**

Administrative Expenses

Our administrative expenses primarily consist of employee benefits expenses, office expenses and professional fees.

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

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands except for percentages)					
Employee benefits expenses	48,004	51.6%	42,652	58.9%	29,200	57.0%
Office expenses	26,373	28.3%	18,612	25.7%	10,268	20.0%
Professional fees	11,897	12.8%	6,812	9.4%	5,174	10.1%
Others	6,775	7.3%	4,335	6.0%	6,592	12.9%
Total	**93,049**	**100.0%**	**72,411**	**100.0%**	**51,234**	**100.0%**

Other Gains or Losses, Net

Our other gains and losses, net, primarily consist of (i) gains or losses on disposal of property, plant and equipment; (ii) gains or losses on modification of leases; (iii) net exchange differences; and (iv) gains or losses on financial guarantee, representing financial guarantee arrangements associated with distributor-related credit facilities.

The following table sets forth a breakdown of our other gains and losses, net, for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Gains/(losses) on disposal and write-off of property, plant and equipment	407	(377)	(2,396)
Loss on modification of leases	(736)	(327)	—
Exchange (losses)/gains, net	(2,802)	314	2,800
Gains on financial guarantee	5,192	392	—
Waiver of payable due to a supplier	3,053	—	—
Input value-added tax receivable written-off	—	—	(1,292)
Others	960	(26)	(74)
Total	**6,074**	**(24)**	**(962)**

Finance Costs

Our finance costs consist of (i) interest on borrowings; (ii) interest on supplier chain financing, representing interest incurred under supplier financing arrangements with an established bank and its affiliated platform; (iii) interest on obligation arising from NCI put option; and (iv) interest on lease liabilities. 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 expenses on borrowings	1,956	4,356	4,090
Interest expenses on supplier chain financing	—	287	20
Interest expenses on obligation arising from NCI put option	1,126	5,030	6,000
Interest expenses on lease liabilities	2,340	1,338	849
Total	**5,422**	**11,011**	**10,959**

Income Tax Credit/(Expense)

Our Income tax credit/(expense) represents deferred tax. We are subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of our Group are domiciled and operate.

Mainland China

In Mainland China, pursuant to the EIT Law and Implementation Regulation of the EIT Law, the tax rate of our Company and our subsidiaries in Mainland China was 25% during the Track Record Period. Certain of our subsidiaries in Mainland China enjoyed preferential tax treatments, mainly including a tax rate of 15% due to preferential tax policies for being approved as a "High and New Technology Enterprise." In addition, we have made our best estimate for the additional tax deduction in relation to our R&D activities to be claimed for certain of our subsidiaries in ascertaining assessable profits during the Track Record Period.

Cayman Islands

Under the current laws of the Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gains.

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HKD2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 29.8% from RMB569.8 million in 2024 to RMB739.9 million in 2025, primarily due to an increase in revenue generated from all of our segments.

Agriculture and livestock farming

Our revenue generated from agriculture and livestock farming increased by 12.3% from RMB443.2 million in 2024 to RMB497.5 million in 2025, primarily due to an increase in our sales volumes of products from 39,896 units in 2024 to 57,968 units in 2025, driven by rising market demand partly resulting from our increasing penetration of our existing distributor network.

Construction

Our revenue generated from construction increased by 43.6% from RMB82.8 million in 2024 to RMB118.9 million in 2025, primarily due to an increase in our sales volumes from 23,944 units in 2024 to 74,605 units in 2025, driven by rising market demand, leveraging the operational know-hows of our core agriculture and livestock farming business.

Facility management

Our revenue generated from facility management increased significantly from RMB32.2 million in 2024 to RMB89.7 million in 2025, primarily due to an increase in our sales volumes from 86,229 units in 2024 to 117,974 units in 2025, driven by rising market demand, leveraging the operational know-hows of our core agriculture and livestock farming business.

Software

Our revenue generated from software increased significantly from RMB11.7 million in 2024 to RMB33.8 million in 2025, primarily due to an increase in our sales volumes from 12,348 units in 2024 to 40,111 units in 2025, attributable to an increasing adoption of our robotics products that drives the purchase of our associated software solutions.

Cost of Revenue

Our cost of revenue increased by 25.0% from RMB202.4 million in 2024 to RMB253.1 million in 2025, which was generally in line with our increase in revenue.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 32.5% from RMB367.5 million in 2024 to RMB486.9 million in 2025. Our gross profit margin increased from 64.5% to 65.8% for the same years, primarily as a result of our continued efforts to optimize our product mix where we strategically focus on products of high gross profit margin.

Agriculture and livestock farming

Our gross profit generated from agriculture and livestock farming increased by 12.1% from RMB280.5 million in 2024 to RMB314.3 million in 2025. Our gross profit margin for agriculture and livestock farming remained relatively stable at 63.3% and 63.2% for the same years.

Construction

Our gross profit generated from construction increased by 36.5% from RMB60.5 million in 2024 to RMB82.6 million in 2025. Our gross profit margin for construction decreased from 73.1% to 69.5% for the same years, mainly due to shifts in sales and marketing strategies and our continued efforts to optimize our product mix.

Facility management

Our gross profit generated from facility management increased significantly from RMB14.7 million in 2024 to RMB56.1 million in 2025. Our gross profit margin for facility management increased from 45.8% to 62.5% for the same years, as we leverage the operational know-hows of our core agriculture and livestock farming business.

Software

Our gross profit generated from software increased significantly from RMB11.7 million in 2024 to RMB33.8 million in 2025. Our gross profit margin for software remained relatively stable at 100.0% in 2024 and 2025, respectively.

Other Income

Our other income decreased by 51.7% from RMB24.5 million in 2024 to RMB11.8 million in 2025, primarily due to a decrease in government grants, partially offset by an increase in bank interest income.

Research and Development Expenses

Our research and development expenses remained relatively stable from RMB232.1 million in 2024 to RMB231.0 million in 2025.

Selling and Distribution Expenses

Our selling and marketing expenses increased by 28.1% from RMB159.4 million in 2024 to RMB204.2 million in 2025 primarily due to an increase of employee benefits expenses as a result of sales team expansion.

Administrative Expenses

Our administrative expenses decreased by 29.2% from RMB72.4 million in 2024 to RMB51.2 million in 2025, primarily due to a decrease in employee benefits expenses as a result of management structure optimization.

Other Losses, Net

Our net other losses increased significantly from RMB24.0 thousand in 2024 to RMB1.0 million in 2025, primarily due to the loss on disposal of property, plant and equipment.

Finance Costs

Our finance costs remained relatively stable at RMB11.0 million in 2024 and 2025.

Fair value changes of preferred shares

Our fair value changes of preferred shares remained relatively stable at RMB239.1 million in 2024 and RMB241.5 million in 2025.

Fair value changes of warrants

Our fair value changes of warrants decreased significantly from a loss of RMB9.2 million in 2024 to a loss of RMB2.6 million in 2025, primarily due to the exercise or cancellation of all outstanding warrants by August 2025, following which no warrants remained outstanding as at 31 December 2025.

Fair value change of financial assets at fair value through profit or loss

Our fair value change of financial assets at fair value through profit or loss increased significantly from a loss of RMB14.1 million in 2024 to a loss of RMB20.8 million in 2025, primarily due to a decrease in the valuation of the investees company.

Reversal of impairment under expected credit loss model, net

Our reversal of impairment under expected credit loss model, net decreased significantly from RMB15.1 million in 2024 to RMB0.6 million in 2025, primarily due to a decrease in trade receivables as a result of our proactive collection efforts.

Income Tax (Expenses)/Credit

We recorded income tax expense of RMB3.6 million in 2024 and income tax credit of RMB0.6 million in 2025, primarily due to the impact of deferred income tax.

Net Loss

As a result of the foregoing, our loss for the year decreased by 15.7% from RMB333.5 million in 2024 to RMB281.1 million in 2025.

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

Revenue

Our revenue increased by 7.6% from RMB529.6 million in 2023 to RMB569.8 million in 2024, primarily due to an increase in our revenue generated from construction products.

Agriculture and livestock farming

Our revenue generated from agriculture and livestock farming remained relatively stable at RMB470.3 million and RMB443.2 million in 2023 and 2024, respectively, primarily as a result of our continued efforts to optimize our product mix where we strategically focus on products of high gross profit margin.

Construction

Our revenue generated from construction equipment increased significantly from RMB41.0 million in 2023 to RMB82.8 million in 2024, primarily due to an increase in our sales volumes from 13,613 units in 2023 to 23,944 units in 2024, driven by rising market demand leveraging the operational know-hows of our core agriculture and livestock farming business.

Facility management

Our revenue generated from facility management increased significantly from RMB12.6 million in 2023 to RMB32.2 million in 2024, primarily due to an increase in our sales volumes from 7,434 units in 2023 to 86,229 units in 2024, driven by rising market demand leveraging the operational know-hows of our core agriculture and livestock farming business.

Software

Our revenue generated from software increased significantly from RMB5.6 million in 2023 to RMB11.7 million in 2024, primarily due to an increase in our sales volumes from 1,809 units in 2023 to 12,348 units in 2024, attributable to an increasing adoption of our robotics products that drives the purchase of our associated software solutions.

Cost of Revenue

Our cost of revenue decreased by 17.7% from RMB245.8 million in 2023 to RMB202.4 million in 2024, primarily due to as a result of our continued efforts to optimize our product mix where we strategically focus on products of high gross profit margin.

Gross Profit and Gross Profit Margin

Our gross profit increased by 29.5% from RMB283.8 million in 2023 to RMB367.5 million in 2024, while our gross profit margin increased from 53.6% in 2023 to 64.5% in 2024, primarily due to our continued efforts to optimize our product mix where we strategically focus on products of high gross profit margin.

Agriculture and livestock farming

Our gross profit generated from agriculture and livestock farming increase by 14.6% from RMB244.8 million in 2023 to and RMB280.5 million in 2024, respectively. Our gross profit margin for agriculture and livestock farming increased from 52.0% in 2023 to 63.3% in 2024, primarily as a result of our continued efforts to optimize our product mix where we strategically focus on products of high gross profit margin.

Construction

Our gross profit generated from construction increased significantly from RMB29.0 million in 2023 to RMB60.5 million in 2024. Our gross profit margin for construction remained relatively stable from 70.7% in 2023 to 73.1% in 2024.

Facility management

Our gross profit generated from facility management increased significantly from RMB4.4 million in 2023 to RMB14.7 million in 2024. Our gross profit margin for facility management increased from 35.0% in 2023 to 45.8% in 2024, primarily as we leverage the operational know-hows of our core agriculture and livestock farming business.

Software

Our gross profit generated from software increased significantly from RMB5.6 million in 2023 to RMB11.7 million in 2024. Our gross profit margin for software remained relatively stable at 100.0% in 2023 and 2024, respectively.

Other Income

Our other income increased significantly from RMB8.1 million in 2023 to RMB24.5 million in 2024, primarily due to an increase in government grants.

Research and Development Expenses

Our research and development expenses decreased by 13.9% from RMB269.6 million in 2023 to RMB232.1 million in 2024, primarily due to a decrease in employee benefit expenses as a result of our optimized staff structure leveraging our collaboration hub.

Selling and Distribution Expenses

Our selling and marketing expenses remained relatively stable from RMB166.5 million in 2023 to RMB159.4 million in 2024.

Administrative Expenses

Our administrative expenses decreased by 22.2% from RMB93.0 million in 2023 to RMB72.4 million in 2024, primarily due to a decrease in office expenses as a result of the optimization of our working arrangement.

Other Gains and Losses, Net

We recorded net other gains of RMB6.1 million in 2023 and net other losses of RMB24.0 thousand in 2024, primarily due to we recorded exchange gains in 2024 as compared to exchange losses in 2023, as a result of fluctuations in foreign exchange rates.

Finance Costs

Our finance costs increased significantly from RMB5.4 million in 2023 to RMB11.0 million in 2024, primarily due to increases in interest expense on borrowings and interest expenses on obligation arising from NCI put option. For details of the NCI put option, please see Note 38 to the Accountants' Report in Appendix I to this Document.

Fair value changes of preferred shares

Our fair value changes of preferred shares increased by 28.9% from a loss of RMB185.5 million in 2023 to a loss of RMB239.1 million in 2024, primarily as a result of the increase in the valuation of our Group in light of our future prospects.

Fair value changes of warrants

Our fair value changes of warrants increased by 93.1% from a loss RMB4.8 million in 2023 to a loss of RMB9.2 million in 2024, primarily as a result of the increase in the valuation of our Group in light of our future prospects.

Fair value change of financial assets at fair value through profit or loss

Our fair value change of financial assets at fair value through profit or loss increased significantly from a loss of RMB1.7 million in 2023 to a loss RMB14.1 million in 2024, primarily due to a decrease in valuation of the underlying company.

(Impairment losses) reversal of impairment under expected credit loss model, net

We recorded impairment losses under expected credit loss model, net of RMB43.1 million in 2023 and reversal of impairment under expected credit loss model, net of RMB15.1 million in 2024, primarily due to (i) recovery of certain trade receivables with longer credit periods as a result of our further collection efforts; and (ii) the prudent sales procedures adopted in 2023.

Income Tax Credit/(Expenses)

We recorded income tax credit of RMB4.2 million in 2023 and income tax expense of RMB3.6 million in 2024, primarily due to the impact of deferred income tax.

Net Profit/Loss

As a result of the foregoing, our loss for the year decreased by 29.2% from RMB471.1 million in 2023 to RMB333.5 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR 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	152,484	111,831	75,421
Total current assets	596,495	564,253	780,127
Total assets	**748,979**	**676,084**	**855,548**
Total non-current liabilities	1,519,176	117,490	6,054
Total current liabilities	374,594	2,024,094	2,583,109
Total liabilities	**1,893,770**	**2,141,584**	**2,589,163**
Net current assets (liabilities)	**221,901**	**(1,459,841)**	**(1,802,982)**
Net liabilities	**(1,144,791)**	**(1,465,500)**	**(1,733,615)**
Total deficit	**(1,144,791)**	**(1,465,500)**	**(1,733,615)**

Net Current Liabilities

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
		(RMB in thousands)		(unaudited)
Current Assets				
Inventories	133,770	114,630	185,965	189,470
Trade and bills receivables	109,884	115,362	130,760	124,489
Prepayments, deposits and other receivables	70,430	56,837	87,149	89,975
Amounts due from related parties	52,017	27,174	25,769	27,160
Restricted bank deposits	21,732	125,255	106,178	28,558
Cash and cash equivalents	208,662	124,995	244,306	295,641
Total current assets	**596,495**	**564,253**	**780,127**	**755,293**
Current Liabilities				
Trade and bills payables	101,571	61,810	119,238	126,518
Bills payables under supplier chain financing	—	46,197	48,994	50,955
Other payables and accruals	78,127	54,927	58,316	46,721
Lease liabilities	16,407	11,630	9,124	12,052
Amounts due to related parties	50,127	26,842	26,910	27,684
Contract liabilities	47,227	36,408	37,599	44,045
Borrowings	75,961	132,347	137,000	110,000
Financial guarantee contracts liabilities	392	—	—	—
Preferred shares	—	1,639,916	2,033,772	2,033,772
Financial liabilities arising from warrants	4,782	14,017	—	—
Obligation arising from put option	—	—	112,156	114,156
Total current liabilities	**374,594**	**2,024,094**	**2,583,109**	**2,565,903**
Net current assets/(liabilities)	**221,901**	**(1,459,841)**	**(1,802,982)**	**(1,810,610)**

Our net current liabilities remained relatively stable at RMB1,810.6 million and RMB1,803.0 million as of April 30, 2026 and December 31, 2025, respectively.

We had net current liabilities of RMB1,803.0 million as of December 31, 2025, which represented an increase of RMB343.1 million from our net current liabilities of RMB1,459.8 million as of December 31, 2024. This increase was primarily due to (i) an increase in preferred shares of RMB393.9 million as a result of the increase in the valuation of our Group in light of our future prospects; and (ii) an increase in payment obligation arising from put option of RMB112.2 million. This was partially offset by an increase in cash and cash equivalents of RMB119.3 million.

We recorded net current liabilities of RMB1,459.8 million as of December 31, 2024 and net current assets of RMB221.9 million as of December 31, 2023, primarily due to (i) reclassification of preferred shares from non-current liabilities to current liabilities; and (ii) an increase in borrowings of RMB56.4 million. This was partially offset by an increase in restricted bank deposits of RMB103.5 million.

To improve our liquidity position, we have taken several measures. We are actively working with banks to expand our facilities, and we face no immediate redemption pressure from instruments such as preferred shares or warrants.

Inventories

Our inventories primarily comprise (i) raw materials, which primarily consist of electronic components, electrical components and structural components, (ii) finished goods, which primarily consist of auto-steering kits and lawn mower robot, and (iii) semi-finished goods, which primarily consist of control box, inertial navigation host assembly, auto-steering accessory kits. 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	80,312	84,362	113,125
Semi-finished goods	18,116	19,092	17,109
Finished goods	73,511	63,180	102,983
	171,939	166,634	233,217
Less: allowance for inventories	(38,169)	(52,004)	(47,252)
Total	**133,770**	**114,630**	**185,965**

Our inventories decreased from RMB133.8 million as of December 31, 2023 to RMB114.6 million as of December 31, 2024, primarily due to our strategic optimization of product portfolio. Our inventories increased from RMB114.6 million as of December 31, 2024 to RMB186.0 million as of December 31, 2025, primarily due to an increase in raw material and finished goods in anticipation of upcoming market demand.

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 one year	110,669	86,810	160,647
One to two years	18,372	21,258	14,843
Two to three years	3,320	6,395	7,012
Over three years	1,409	167	3,463
Total	**133,770**	**114,630**	**185,965**

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

	Year ended December 31,		
	2023	**2024**	**2025**
Average inventory turnover days(1)	203	224	217

Note:

(1) Average inventory turnover days equal the average of the opening and closing inventory balances of the year indicated divided by the cost of revenue of the same year and multiplied by 365 days for a full-year period.

Our inventory turnover days increased from 203 days in 2023 to 224 days in 2024 in light of the continued expansion of our business as well as our anticipation of upcoming market demand. Our inventory turnover days decrease to 217 days in 2025, primarily due to the optimization of our product portfolio. Our Directors believe that sufficient allowance has been made for the inventories of our Company, taking into account factors such as inventory aging, market price fluctuations, technological advancements, and changes in product demand that may affect inventory value. As of April 30, 2026, RMB17.9 million, or 47.6%, of our contract liabilities as of December 31, 2025 had been subsequently recognized as revenue.

As of April 30, 2026, RMB64.7 million, or 27.7%, of our inventories as of December 31, 2025 had been sold or utilized.

Trade and Bills Receivables

Our trade and bills receivables are primarily amounts due from our customers in our ordinary course of business less allowance for expected credit loss ("**ECL**"). 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 from third parties	160,603	151,706	169,640
Bill receivables	—	319	55
Less: allowance for ECL	(50,719)	(36,663)	(38,935)
Total	**109,884**	**115,362**	**130,760**

Our trade and bills receivables remained relatively stable at RMB109.9 million, RMB115.4 million and RMB130.8 million as of December 31, 2023, 2024, and 2025.

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

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 3 months	54,960	67,199	86,855
3 to 6 months	17,726	7,737	7,142
6 months to 1 year	20,316	26,787	13,381
Over 1 year	16,882	13,320	23,327
Total	**109,884**	**115,043**	**130,705**

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

	Year ended December 31,		
	2023	2024	2025
Average trade receivables turnover days(1)	80	72	61

Note:

(1) Average trade receivables turnover days equal the average of the opening and closing balances of carrying amount of trade receivables of the year indicated divided by the revenue of the same year and multiplied by 365 days for a full-year period.

Our trade receivables turnover days decrease from 80 days in 2023 to 72 days in 2024, and decreased to 61 days in 2025, primarily due to our prudent sales procedures.

As of April 30, 2026, RMB76.8 million, or 58.8%, of our trade and bills receivables as of December 31, 2025 had been subsequently settled.

As of the Latest Practicable Date, RMB18.6 million, or 50.7%, of our trade and bills receivables aged over 6 months as of December 31, 2025 had been subsequently settled.

As of December 31, 2023, 2024 and 2025, overdue receivables from distributors amounted to RMB125.8 million, RMB117.1 million and RMB60.4 million, respectively.

During the Track Record Period, we proactively made collection efforts with our customers, including (i) closely monitoring the status of our trade receivables, (ii) holding periodic meetings to discuss the status of trade receivables, (iii) timely communicating with relevant parties and reminding them of payments through various channels and (iv) taking legal actions when necessary to recover outstanding receivables.

The prolonged settlement was primarily due to (i) customers whose payment obligations are contractually scheduled upon the achievement of specific milestones, which results in settlement cycles extending beyond six months while remaining within the agreed credit terms, and (ii) mutually agreed extensions of credit periods with certain long-term customers through supplemental agreements.

Considering that we have already taken into account the likelihood of future repayments based on customers' credit risk assessments, and as subsequent collections confirmed the recoverability of such receivables, we believe that there is no recoverability issue of trade receivables, and that sufficient provision has been made.

Trade and Bills Payables

Our trade and notes payables primarily consist of amounts payable to our suppliers in the ordinary course of business.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables	63,645	32,797	70,875
Bills payables	37,926	29,013	48,363
Total	**101,571**	**61,810**	**119,238**

Our trade and bills payables decreased from RMB101.6 million as of December 31, 2023, RMB61.8 million as of December 31, 2024, primarily due to a decrease in bills payables resulting from our continued efforts to settle outstanding payables. Our trade and bills payables increased to RMB119.2 million as of December 31, 2025, primarily due to the favorable payment terms granted to our existing distributors in light of our long-term relationships.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 3 months	46,056	21,552	35,988
3 to 6 months	8,902	3,792	10,084
6 to 12 months	2,554	1,457	12,925
Over 12 months	6,133	5,996	11,878
Total	**63,645**	**32,797**	**70,875**

The following table sets forth the average turnover days of our trade and bills payables and bills payables under supplier chain financing for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Average trade payables turnover days[(1)]	188	189	199

Note:

(1) Average trade and bills payables turnover days equal the average of the opening and closing balances of carrying amount of trade and bills payables and bills payables under supplier chain financing balances of the year indicated divided by the cost of revenue of the same year and multiplied by 365 days for a full-year period.

Our trade and bills payables turnover days increased from 188 days in 2023 to 189 days in 2024 and and further increased to 199 days in 2025, primarily due to the favorable payment terms granted to our existing distributors in light of our long-term relationships.

As of April 30, 2026, RMB64.5 million, or 54.1%, of our trade and bills payables as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of purchase consideration payable for financial assets at fair value through other comprehensive income, which primarily consist of (i) salary and welfare payables, which primarily consist of wages, (ii) other tax payables, which primarily consist of tax-related amounts arising from customer prepayments, and (iii) accrued expenses, which primarily consist of general operating accruals.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Salary and welfare payables	37,580	32,057	38,237
Accrued expenses	4,591	7,096	1,146
Accrued service fee	5,537	2,136	1,322
Other tax payables	25,349	7,224	6,938
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Accrued share issue costs	—	—	704
Others	5,070	6,414	7,231
Total	**78,127**	**54,927**	**58,316**

Our other payables and accruals decreased from RMB78.1 million as of December 31, 2023 to RMB54.9 million as of December 31, 2024 primarily due to timely settlement of our other payables and accruals. Our other payables and accruals remained relatively stable at RMB58.3 million as of December 31, 2025.

Contract liabilities

Our contract liabilities primarily consist of advance payments received from our customers in our ordinary course of business. Our contract liabilities decreased from RMB47.2 million as of December 31, 2023 to RMB36.4 million as of December 31, 2024 and increased to RMB37.6 million as of December 31, 2025, primarily due to differences in the payment date and the product delivery date.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) machinery and other equipment, (ii) computer and other equipment, and (iii) leasehold improvement. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Machinery and other equipment	20,851	12,798	9,827
Computer and other equipment	9,903	9,347	7,963
Construction in progress	52	—	—
Motor vehicles	562	400	273
Leasehold improvement	4,432	1,964	358
Properties	—	—	11,420
Total	**35,800**	**24,509**	**29,841**

Our property, plant and equipment decreased from RMB35.8 million as of December 31, 2023 to RMB24.5 million as of December 31, 2024, primarily attributable to the decrease in machinery and other equipment resulting from a decrease in machinery and other equipment attributable to the strategic optimization of our product portfolio. Our property, plant and equipment increased to RMB29.8 million as of December 31, 2025, primarily due to an increase of RMB11.4 million in properties.

Right-of-use assets

Our right-of-use assets primarily relate to our leased production facilities, offices and warehouses. Our right-of-use assets decreased from RMB31.3 million as of December 31, 2023 to RMB21.2 million as of December 31, 2024 and further decreased to RMB13.2 million as of December 31, 2025, primarily attributable to the optimization of our working arrangement.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Net cash used in/from operating activities	(170,063)	(27,568)	92,641
Net cash used in/from investing activities	(34,085)	(98,441)	19,642
Net cash from financing activities	185,386	43,339	2,351
Net decrease/increase in cash and cash equivalents	(18,762)	(82,670)	114,634
Cash and cash equivalents at beginning of the year	227,076	208,662	124,995
Cash and cash equivalents at end of the year	**208,662**	**124,995**	**244,306**

Net Cash Flow Used in/from Operating Activities

In 2025, we had net cash from operating activities of RMB92.6 million, primarily attributable to (i) fair value changes of preferred shares of RMB241.5 million; and (ii) increase in trade payables of RMB175.4 million. The foregoing was partially offset by (i) increase in inventories of RMB82.2 million; and (ii) increase in prepayments, deposits and other receivables of RMB21.5 million.

In 2024, we had net cash used in operating activities of RMB27.6 million, primarily attributable to (i) increase in trade payables of RMB49.4 million; (ii) increase in amounts due from related parties of RMB25.2 million; and (iii) decrease in other payables and accruals of RMB23.2 million. The foregoing was partially offset by (i) fair value changes of preferred shares of RMB239.1 million; and (ii) depreciation of right-of-use assets of RMB17.7 million.

In 2023, we had net cash used in operating activities of RMB170.1 million, primarily attributable to decrease in trade payables of RMB53.6 million. The foregoing was partially offset by (i) impairment loss under expected credit loss model, net of RMB43.1 million; and (ii) fair value changes of preference shares of RMB185.5 million.

Net Cash Flow Used in/from Investing Activities

In 2025, we had net cash generated from investing activities of RMB19.6 million, primarily attributable to withdrawal of restricted bank deposits of RMB144.4 million. The foregoing was partially offset by placement of restricted bank deposit of RMB125.3 million.

In 2024, we had net cash used in investing activities of RMB98.4 million, primarily attributable to (i) placement of restricted bank deposit of RMB131.8 million and (ii) purchases of property and equipment of RMB8.3 million. The foregoing was partially offset proceed from disposal of property, plant and equipment of RMB11.3 million.

In 2023, we had net cash used in investing activities of RMB34.1 million, primarily attributable to withdrawal of restricted bank deposits of RMB78.8 million. The foregoing was partially offset by purchase of property, plant and equipment of RMB13.9 million.

Net Cash Flow from Financing Activities

In 2025, we had net cash from financing activities of RMB2.4 million, primarily attributable to (i) new borrowings raised of RMB170.3 million; and (ii) exercise of warrants of RMB135.8 million. The foregoing was partially offset by repayment of borrowings of RMB165.7 million.

In 2024, we had net cash generated from financing activities of RMB43.3 million, primarily attributable to (i) new borrowings raised of RMB133.0 million; and (ii) capital contribution from non-controlling interest of RMB50.0 million. The foregoing was partially offset by repayment of borrowings of RMB86.6 million.

In 2023, we had net cash generated from financing activities of RMB185.4 million, primarily attributable to (i) net proceeds from issuance of preferred shares of RMB132.8 million; and (ii) new borrowings raised of RMB90.9 million. The foregoing was partially offset by (i) repayment of borrowings of RMB61.0 million; and (ii) principal portion of lease payments of RMB23.1 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness included borrowings and lease liabilities. As of April 30, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB134.7 million.

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Non-current				
Borrowing	10,000	—	—	—
Lease liabilities	17,473	10,772	5,521	12,613
Current				
Borrowing	75,961	132,347	137,000	110,000
Lease liabilities	16,407	11,630	9,124	12,052
Total	**119,841**	**154,749**	**151,645**	**134,665**

Except for our indebtedness as disclosed above as of December 31, 2023, 2024 and December 31, 2025, and April 30, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits which were either guaranteed or unguaranteed, secured or unsecured. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Borrowings

Our current and non-current borrowings primarily comprise secured and unsecured bank loans. Our current and non-current bank borrowings increased from RMB86.0 million as of December 31, 2023 to RMB132.3 million as of December 31, 2024, and further increased to RMB137.0 million as of December 31, 2025. Our bank borrowings decreased to RMB110.0 million as of April 30, 2026. Our borrowings are primarily denominated in Renminbi. The effective interest rate on our bank loans ranged from 2.5% to 4.8% during the Track Record Period. See Note 33 to the Accountants' Report in Appendix I to this Document for details. As of April 30, 2026, we had unutilized bank facilities of RMB76.0 million.

Lease Liabilities

As of December 31, 2023, 2024 and 2025 and April 30, 2026, our total lease liabilities, including current and non-current portions, amounted to RMB33.9 million, RMB22.4 million, RMB14.6 million and RMB24.7 million, respectively, mainly comprise propertie, and offices relating to R&D, manufacturing facilities and offices. See Note 18 to the Accountants' Report in Appendix I to this Document for details.

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures primarily comprise expenditures for the (i) purchase of property, plant and equipment, and (ii) purchase of other intangible assets. The following table sets forth our capital expenditures for the years indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Purchases of Property, plant and equipment	13,927	8,327	4,814
Purchase of intangible asset	574	—	—
Total	14,501	8,327	4,814

We expect to finance our capital expenditures through financial resources currently available to us, cash generated from operations and the net **[REDACTED]** to be received from the **[REDACTED]**. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our results of operations and financial condition, our business plans, market conditions and various other factors. See also "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" for details.

CAPITAL COMMITMENTS

We had no material capital commitment as of December 31, 2023 and 2024 and 2025.

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,		
	2023	2024	2025
Gross profit margin	53.6%	64.5%	65.8%
Net profit/(loss) margin	(88.9%)	(58.5%)	(38.0%)
Adjusted net profit/(loss) margin (Non-IFRS measure)(1)	(50.7%)	(10.0%)	1.4%
Gearing ratio(2)	73.5%	70.3%	67.5%
Turnover growth(3)	5.1%	7.6%	29.8%

Notes:

(1) Adjusted net profit /(loss) margin (Non-IFRS measure) is calculated by dividing adjusted net profit/loss (non-IFRS measure) by revenue for the year multiplied by 100%. See "— Non-IFRS Measures"

(2) Gearing ratio is calculated as total liabilities less preferred shares, warrants, and NCI put option and divided by total equity plus preferred shares, warrants, NCI put option, fair value changes of preferred shares, and fair value changes of warrants, multiplied by 100%.

(3) Turnover growth is calculated as the change in turnover from the prior year divided by the prior year turnover multiplied by 100%.

Gross Profit Margin

For a detailed analysis of our gross profit margin, see "— Year-to-Year Comparison of Results of Operations."

Net profit/(loss) margin

For a detailed analysis of our net profit/(loss) margin, see "— Year-to-Year Comparison of Results of Operations."

Adjusted net profit/(loss) margin (Non-IFRS measure)

See "— Non-IFRS Measures" for a discussion of the factors affecting our adjusted net profit/(loss) margin (Non-IFRS measure) during the Track Record Period.

Gearing ratio

Our gearing ratio remained relatively stable at 73.5% and 70.3% as of December 31, 2023 and 2024. Our gearing ratio decrease from 70.3% as of December 31, 2024 to 67.5% as of December 31, 2025, reflecting the optimization of our capital structure.

Turnover growth

For a detailed analysis of our turnover growth, see "— Year-to-Year Comparison of Results of Operations."

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see note 38 of the Accountants' Report included in Appendix I to this document. It is the view of our Directors that each of the related party transactions set out in Note 38 of the Accountants' Report in Appendix I to this document (i) were conducted on arm's length basis and on normal commercial terms, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our financial results during the Track Record Period or make our historical results not reflective of our future performance.

As of December 31, 2025, all our outstanding balances due from related parties of non-trade nature have been fully settled. Any related party transactions after the **[REDACTED]** will be conducted in compliance with the applicable Listing Rules.

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL RISK MANAGEMENT

Our activities expose us to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. We have established Administrative Measures for External Investments to enhance investment efficiency and manage risks. We prepare an annual investment plan that sets out our strategic priorities, key projects, investment methods, estimated returns, and funding sources. All investment plans are subject to internal approval procedures, with our finance department responsible for overseeing implementation and making necessary adjustments. We also adopt a project initiation system and follow a structured investment decision-making process to ensure that each investment aligns with our strategic objectives and risk control framework. Where applicable, investment decisions are subject to the approval of the Board. For details of our financial risks and our risk management measures, see note 40.2 of the Accountants' Report included in Appendix I to this document.

DIVIDENDS AND DIVIDEND POLICY

No dividends had been paid or declared by us during the Track Record Period.

Currently, we do not have a formal dividend policy or a fixed dividend payout ratio. Any future declarations and payments of dividends will be at the discretion of our Directors, subject to certain restrictions under Cayman Islands law, and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. As advised by our legal advisor as to the Cayman Islands law, notwithstanding that our Company may have accumulated losses, our Directors may declare dividend (a) out of profits of our Company if our Company has sufficient profits, realized or unrealized, unless such is contrary to the accounting principles adopted by our Company or (b) out of the share premium of our Company if, in each case, following the date on which the dividend is proposed to be paid, our Company is able to pay its debts as they fall due in the ordinary course of business. In determining whether to declare a dividend, our Board will need to be satisfied that the declaration of dividend is in the best interest of our Company and may make provision for losses.

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. The PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits as the statutory common reserve fund until the cumulative amount of the statutory common reserve fund reaches 50% or more of such enterprises' registered capital, if any, to fund its statutory common reserves, which are not available for distribution as cash dividends.

WORKING CAPITAL SUFFICIENCY

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

DISTRIBUTABLE RESERVES

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

[REDACTED]

Our **[REDACTED]** represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]** and the **[REDACTED]**. Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]**, we estimate that our **[REDACTED]** will be approximately RMB**[REDACTED]**, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**, including (i) **[REDACTED]** expenses of approximately RMB**[REDACTED]**, and (ii) **[REDACTED]** expenses of approximately RMB**[REDACTED]**, comprising (a) sponsor fee of approximately RMB**[REDACTED]**, (b) fees and expenses of legal advisors and reporting accountant of approximately RMB**[REDACTED]**, and (c) other fees and expenses of approximately RMB**[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** of RMB**[REDACTED]**, of which approximately RMB**[REDACTED]** was charged to the consolidated statements of profit or loss. We expect to further incur **[REDACTED]** of approximately RMB**[REDACTED]** upon completion of the **[REDACTED]**, out of which approximately RMB**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss and approximately RMB**[REDACTED]** is expected to be deducted from equity. The **[REDACTED]** above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the **[REDACTED]** of the Shares on the **[REDACTED]**.

NO MATERIAL ADVERSE CHANGE

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