In the following section we discuss our historical financial information as of and for the years ended December 31, 2023, 2024 and 2025. You should read the following discussion and analysis together with our audited consolidated financial statements as of and for the years ended December 31, 2023, 2024 and 2025, and the accompanying notes included in the Accountants' Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRSs.

This discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and our financial performance and involves risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Our actual results may differ materially from those anticipated in these forward looking statements as a result of any number of factors. In evaluating our business, you should carefully consider the information provided in this document, including "Risk Factors" and "Business" in this document.

OVERVIEW

We are a global leader in integrated sustainable energy generation, storage and management solutions. We develop, manufacture, and sell energy storage system products and PV inverters. We also develop and provide AI-empowered energy management systems. Leveraging our extensive sales network spanning approximately 190 countries and regions as of December 31, 2025, we provide residential and C&I end users around the world with integrated sustainable energy solutions. We are among the first companies in the world to successfully commercialize the integrated sustainable energy generation, storage and management solutions at scale. We strive to utilize AI technologies to transform the sustainable energy management leveraging our proprietary data accumulated over years of our operations.

We have integrated AI technologies into our solutions to create value for our end users. Through an integrated cloud-edge-device + AI architecture built upon our proprietary cloud platform, we have deployed AI-enabled smart energy scheduling that dynamically formulates optimal energy management strategies to enhance economic benefits for end users, AI-enabled battery safety monitoring and state estimation that significantly improve battery performance, and AI-empowered customer service agents that provide 24/7 intelligent inquiry resolution and remote operational support. In addition, we apply AI technologies across our organization to enhance operational efficiency, including in our R&D and production functions.

According to Frost & Sullivan, in terms of shipment volume in 2025, we were the third largest residential energy storage inverter provider globally and the largest residential energy storage inverter provider in the Americas. Additionally, we were the fourth largest hybrid energy storage inverter provider globally and the largest hybrid split-type residential energy storage system solution provider globally. We had the highest growth rate in shipment volume from 2024 to 2025 among top five Chinese residential energy storage system solution providers.

During the Track Record Period, our financial performance experienced fluctuations. Our revenue decreased by 16.5% from RMB5,362.8 million in 2023 to RMB4,475.6 million in 2024, primarily due to the decrease in revenue from our energy storage system products and PV inverters. Our revenue subsequently increased by 16.9% to RMB5,232.9 million in 2025, primarily driven by the significant growth in revenue from our energy storage system products, which offset the continued decline in revenue from our PV inverters. In particular, revenue from our energy storage system products decreased by 20.0% from RMB2,083.2 million in 2023 to RMB1,666.1 million in 2024, and increased significantly by 99.0% to RMB3,315.4 million in 2025. Consistent with the fluctuations in our revenue, our gross profit decreased

35.4% from RMB1,409.1 million in 2023 to RMB909.6 million in 2024, and increased by 29.2% to RMB1,175.4 million in 2025. Our profit decreased from RMB843.3 million in 2023 to RMB19.9 million in 2024, and increased to RMB412.6 million in 2025.

BASIS OF PREPARATION AND PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 15, 2021. Our Company, as the holding company of our business, indirectly owns all of our subsidiaries, including our operating subsidiaries, which run all of our operations both domestically and internationally. See "History, Reorganization and Corporate Structure" in this document for details.

The historical financial information has been prepared in accordance with International Financial Reporting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board. In addition, the historical financial information complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. Further details of the significant accounting policies adopted are set out in Note 3.2 of the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

General Factors Affecting Our Results of Operations

Our business and results of operations are affected by a number of general factors that impact the global sustainable energy industry, including, among others:

- Overall economic growth and adoption of sustainable energy in our key markets;
- Competitive environment;
- Cost of raw materials;
- Fluctuations in foreign exchange rates; and
- Regulatory and policy landscape.

Unfavorable changes in any of these general factors could adversely affect demand for our products and services and materially and adversely affect our results of operations.

Specific Factors Affecting Our Results of Operations

Besides the general factors affecting the global sustainable energy industry, we believe our results of operations and financial performance are also affected by the following specific factors:

Industrial trends such as demand for energy storage system products, PV inverters and AI-empowered energy management systems

Our growth, result of operations and financial condition are significantly affected by demand for sustainable energy products. Driven by the sustainable energy transition and the trend towards electrification, the residential and C&I businesses are becoming more supportive of energy independence and green electricity initiatives. Such uptake of sustainable energy leads to higher demand for energy generation, storage and consumption. According to Frost & Sullivan, global energy storage inverter shipment volume grew from approximately 10.4GW in 2021 to approximately 196.5GW in 2025, representing a CAGR of approximately 108.5%, and are projected to reach approximately 872.6GW by 2030. Global PV inverter shipment volume increased from approximately 210.4GW in 2021 to approximately 682.1GW in 2025, at a CAGR of approximately 34.2%, and are projected to further grow to approximately 1,327.5GW by 2030. We anticipate to continue to grow, benefiting from increasing trend towards sustainable energy solutions which is integration of sustainable generation, storage and management enabled by power electronics and digital technology. The development of distributed energy products and services, including energy storage system products, PV inverters and AI-empowered energy management systems, affects the demand for our solutions and our business opportunities.

Ability to improve our products and services, expand product portfolio and maintain brand recognition

Our revenue growth is driven by our ability to continually improve and expand our product portfolio to cater to the diverse, evolving customer needs and market standards worldwide. We operate in the sustainable energy industry and focus on enabling sustainable energy generation, storage and consumption. To support this energy ecosystem, we offer a range of energy products designed for different application scenarios. We primarily design, develop and manufacture energy storage system products and PV inverters, and sell them to residential and C&I end users around the world through system integrators, installers, EPCs and distributors. As of the Latest Practicable Date, for energy storage system products, we have 35 models for battery-ready inverters, 18 models for on-grid storage inverters, 89 models for micro-grid storage inverters, 13 models for battery and 7 models for all-in-one products. For PV inverters, we have 43 models for single-phase residential inverters, 21 models for three-phase residential inverters, 28 models for small power C&I inverters, 20 models for large power C&I inverters.

We have also made substantial investments and efforts in recent years to develop our energy storage system products, which have become an increasingly important contributor to our business. We will continue to monitor user feedback closely and observe market trends around the globe, and constantly upgrade our existing products and develop new products that combines advanced technologies with user-friendly designs.

We strive to utilize AI technologies to transform the sustainable energy industry leveraging our proprietary data accumulated over years of our operations. Specifically, we develop and provide AI-empowered energy management systems. As of December 31, 2025, we have connected approximately 4.2 million residential and C&I end users across the world through our AI-empowered energy management systems. We will further explore monetization opportunities for our AI-empowered energy management systems. See "Business—Our Strategies—Enrich our solutions centered on demand of end users, increasing the overall value we create for our end users" for details.

Our growth in revenue and profitability will also depend in part on our ability to maintain and promote brand recognition by end users. We achieved rapid growth in large part through our well-recognized, differentiated brands that cover both residential and C&I segments. Supported by our end-user insights, advanced technologies and global sales network, our brand has gained recognition in their respective markets, and we expect that our brand strategy will continue to drive our growth.

Effectiveness of sales network and ability to expand global presence

Our ability to expand and strengthen our global presence underpins our significant growth. As of the Latest Practicable Date, we have sold products to customers in approximately 190 countries and regions around the world. Revenue attributable to the overseas markets as a percentage of our total revenue remained stable at 76.2% in 2023 and 76.4% in 2024, and increased to 82.3% in 2025. For the year ended December 31, 2025, we derived 32.4%, 25.6%, 17.7%, 17.8% and 6.5% of our revenues from Europe, Americas, Chinese Mainland, Asia Pacific (excluding Chinese Mainland and Middle East) and Middle East and Africa, respectively. We have established a multi-channel sales network through close collaboration with system integrators, installers and EPCs, which enables us to effectively reach end users across diverse geographic markets and application scenarios. We continue to expand and optimize our sales network by implementing tailored strategies for different regions, focusing on markets with favorable clean energy policies, strong local demand and long-term growth potential. In addition, to support our global expansion and enhance supply chain resilience, we have established manufacturing capacity in Vietnam, which enables us to diversify our production footprint and improve our ability to serve overseas markets efficiently. By leveraging our global sales and service network together with our evolving production and supply chain capabilities, we believe we are well positioned to further expand our international footprint and enhance our market position in key strategic markets.

Investment in technology and talents

Technology lies at the core of our competitiveness and growth potential. Our in-house R&D capabilities enable us to continuously improve, innovate and introduce premium, comprehensive product offerings in key technological areas like energy storage, batteries, energy management and AI technologies. We have consistently invested in research and development to support our product innovation and technological advancement. In 2023, 2024 and 2025, we recorded research and development expenses of RMB440.3 million, RMB339.2 million and RMB298.4 million, respectively, reflecting our ongoing efforts to optimize resource allocation and improve R&D efficiency. We will continue to recruit and retain skilled R&D professionals and engineers to strengthen our technological capabilities. In particular, we expect our continued focus on energy storage system products and AI-empowered energy management systems to support our ability to capture growth opportunities in these segments and further enhance our competitiveness.

Ability to manage costs and improve operational efficiency

We have maintained a relatively efficient cost structure during the Track Record Period. Our cost of sales is primarily affected by our cost of raw materials. Cost of raw materials accounted for 76.7%, 75.5% and 78.3% of our total cost of sales in 2023, 2024 and 2025, respectively. In addition, we have continuously enhanced our operating efficiency and exercised disciplined cost control across our business. Our selling and distribution expenses decreased from RMB392.3 million in 2023 to RMB358.9 million in 2024 and further to RMB323.9 million in 2025. Our administrative expenses decreased from RMB248.4 million in 2023 to RMB193.7 million in 2024 and further to RMB188.2 million in 2025. Our research and development expenses also decreased from RMB440.3 million in 2023 to RMB339.2 million in 2024 and further to RMB298.4 million in 2025, reflecting our ongoing efforts to optimize resource allocation and improve operational efficiency. We expect to continue to improve our cost efficiency by (i) increasing in-house production of certain key components, (ii) enhancing manufacturing efficiency through automation, (iii) optimizing product design and R&D processes, and (iv) further integrating our supply chain. As we further scale our operations and achieve economies of scale, we expect our cost of revenue and operating expenses as a percentage of our revenue to decrease.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and associated assumptions, which we believe are reasonable under the circumstances, are based on our historical experience and other factors, and form the basis of our judgements about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (a) our selection of critical accounting policies, (b) the judgement and other uncertainties affecting the application of such policies and (c) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgements based on information and financial data that may change in future periods, and as a result, actual results could differ from those estimates.

Significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Note 3.2 and Note 4 of the Accountants' Report in Appendix I.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the years presented, expressed as an absolute amount and as a percentage of our total revenue. This information should be read together with our consolidated financial statements and related notes included elsewhere in this document. The results of operations in any particular year are not necessarily indicative of our future trends.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Revenue	**5,362,804**	**100.0**	**4,475,589**	**100.0**	**5,232,920**	**100.0**
Cost of sales	(3,953,670)	(73.7)	(3,565,955)	(79.7)	(4,057,486)	(77.5)
Gross profit	**1,409,134**	**26.3**	**909,634**	**20.3**	**1,175,434**	**22.5**
Other income	112,273	2.1	93,900	2.1	90,636	1.7
Other gains/(losses), net	120,249	2.2	(14,756)	(0.3)	81,594	1.6
Selling and distribution expenses	(392,285)	(7.3)	(358,949)	(8.0)	(323,938)	(6.2)
Administrative expenses	(248,358)	(4.6)	(193,724)	(4.3)	(188,237)	(3.6)
Research and development expenses	(440,297)	(8.2)	(339,218)	(7.6)	(298,358)	(5.7)
Impairment losses on trade and other receivables, net	(30,449)	(0.6)	(42,350)	(1.0)	(18,978)	(0.4)
Operating profit	**530,267**	**9.9**	**54,537**	**1.2**	**518,153**	**9.9**
Finance costs	(22,632)	(0.4)	(10,617)	(0.2)	(6,587)	(0.1)
Share of profits/(losses) of associates	46,132	0.9	(2,354)	(0.1)	(7,506)	(0.1)
Fair value changes of financial instruments issued to investors	361,866	6.7	(29,081)	(0.6)	(67,417)	(1.4)
Profit before tax	**915,633**	**17.1**	**12,485**	**0.3**	**436,643**	**8.3**
Income tax (expense)/credit	(72,288)	(1.4)	7,389	0.1	(24,057)	(0.4)
Profit for the year	**843,345**	**15.7**	**19,874**	**0.4**	**412,586**	**7.9**
Profit for the year attributable to:						
Owners of the Company	829,126	15.5	13,645	0.3	411,260	7.9
Non-controlling interests	14,219	0.2	6,229	0.1	1,326	*
	843,345	**15.7**	**19,874**	**0.4**	**412,586**	**7.9**

Note:

* Less than 0.1%.

Non-IFRS measure

We use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management.

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted by fair value changes of financial instruments issued to investors which represent the Series A Preferred Shares issued in our equity financing and equity-settled share-based payment expenses. The Series A Preferred Shares will be automatically converted into ordinary shares upon completion of the [**REDACTED**], and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the [**REDACTED**]. Equity-settled share-based payment expenses relating are non-cash expenses. Therefore, by eliminating the impacts of such items in the calculation of adjusted net profit (non-IFRS measure), this measure could better reflect our underlying operating performance and could better facilitate the comparison of operating performance from year to year.

However, the term of adjusted net profit (non-IFRS measure) is not defined under IFRS. In light of the foregoing limitations for this non-IFRS measure, when assessing our operating and financial performance, you should not consider adjusted net profit (non-IFRS measure) in isolation or as a substitute for our profit and total comprehensive income for the year, operating profit or any other operating performance measure that is calculated in accordance with IFRS.

The following table reconciles our adjusted net profit (non-IFRS measure) for the years presented to the most directly comparable financial measure calculated and presented under IFRS.

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Profit for the year	843,345	19,874	412,586
Add:			
Fair value changes of financial instruments issued to investors	(361,866)	29,081	67,417
Equity-settled share-based payment expenses	20,130	–	2,616
Adjusted net profit (non-IFRS measure)	**501,609**	**48,955**	**482,619**

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We derive our revenue primarily from sales of our products. During the Track Record Period, our revenue decreased by 16.5% from RMB5,362.8 million in 2023 to RMB4,475.6 million in 2024, primarily due to the decrease in revenue from our energy storage system products and PV inverters. Our revenue subsequently increased by 16.9% to RMB5,232.9 million in 2025, primarily driven by the significant growth in revenue from our energy storage system products, which offset the continued decline in revenue from our PV inverters.

Revenue by Product Category

The following table sets forth our revenue by product category, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Energy storage system products	**2,083,161**	**38.8**	**1,666,073**	**37.2**	**3,315,421**	**63.4**
• Energy storage inverters	946,622	17.6	810,237	18.1	1,428,961	27.3
– *Battery-ready inverters*	308,036	5.7	334,949	7.5	587,000	11.2
– *Micro-grid storage inverters*	360,696	6.7	348,653	7.8	697,282	13.3
– *On-grid storage inverters*	277,890	5.2	126,635	2.8	144,679	2.8
• Battery	1,131,196	21.1	771,824	17.2	1,580,034	30.2
• All-in-one products	5,343	0.1	84,012	1.9	306,426	5.9
PV inverters	**2,956,073**	**55.1**	**2,584,724**	**57.7**	**1,556,841**	**29.8**
• Residential inverters	1,655,729	30.9	1,791,784	40.0	869,742	16.6
– *Single-phase residential inverters*	654,450	12.2	815,317	18.2	536,155	10.2
– *Three-phase residential inverters*	1,001,279	18.7	976,467	21.8	333,587	6.4
• C&I inverters	1,300,344	24.2	792,940	17.7	687,099	13.2
– *Large power C&I inverters*	686,552	12.8	500,223	11.2	574,426	11.0
– *Small power C&I inverters*	613,792	11.4	292,717	6.5	112,673	2.2
AI-empowered energy management systems	**69,775**	**1.3**	**55,801**	**1.2**	**60,739**	**1.2**
Others(1)	**253,795**	**4.8**	**168,991**	**3.9**	**299,919**	**5.6**
Total	**5,362,804**	**100.0**	**4,475,589**	**100.0**	**5,232,920**	**100.0**

Note:

(1) Primarily include high voltage control boxes and other accessories.

Revenue generated from energy storage system products decreased by 20.0% from RMB2,083.2 million in 2023 to RMB1,666.1 million in 2024. Revenue generated from energy storage system products increased significantly by 99.0% to RMB3,315.4 million in 2025. Revenue generated from PV inverters decreased by 12.6% from RMB2,956.1 million in 2023 to RMB2,584.7 million in 2024, and further decreased by 39.8% to RMB1,556.8 million in 2025. Our revenue from AI-empowered energy management systems was primarily from sales of smart gateways. For a discussion of the year-on-year changes of our revenue, see "—Year to Year Comparison of Results of Operations" for details.

Revenue by Geographic Location

Our products are sold in approximately 190 countries and regions in Europe, Americas, Chinese Mainland, Asia Pacific (excluding Chinese Mainland and Middle East) and Middle East and Africa. The following table sets forth the breakdown of our revenue by geographic region, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Europe	**2,396,789**	**44.7**	**1,360,882**	**30.4**	**1,697,075**	**32.4**
– Germany	448,550	8.4	385,692	8.6	597,895	11.4
– Netherlands	397,088	7.4	205,246	4.6	213,185	4.1

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
– UK	405,601	7.6	192,944	4.3	171,146	3.3
– Italy	354,883	6.6	175,944	3.9	168,564	3.2
– Others	790,667	14.7	401,056	9.0	546,285	10.4
Americas(1)	**837,311**	**15.6**	**941,459**	**21.0**	**1,340,957**	**25.6**
– U.S.	65,398	1.2	158,859	3.5	827,619	15.8
– Mexico	342,803	6.4	304,879	6.8	195,848	3.7
– Brazil	318,425	5.9	358,110	8.0	183,851	3.5
– Others	110,685	2.1	119,611	2.7	133,639	2.6
Chinese Mainland	**1,278,255**	**23.8**	**1,052,443**	**23.6**	**923,340**	**17.7**
Asia Pacific(2)	**598,627**	**11.2**	**993,945**	**22.2**	**932,341**	**17.8**
Middle East and Africa(3)	**251,822**	**4.7**	**126,860**	**2.8**	**339,207**	**6.5**
Total	**5,362,804**	**100.0**	**4,475,589**	**100.0**	**5,232,920**	**100.0**

Notes:

(1) Including North America and South America.

(2) Including Asia and Oceania, excluding Chinese Mainland and Middle East.

(3) Including the United Arab Emirates, South Africa, Turkey, Nigeria and other countries in the Middle East and Africa region.

Our revenue generated from Europe decreased by 43.2% from RMB2,396.8 million in 2023 to RMB1,360.9 million in 2024, primarily due to a significant decline in revenue across major European markets due to the normalization of energy demand in the aftermath of the European energy crisis. The decrease in 2024 was mainly attributable to (i) a decline in shipment volume in certain markets, and (ii) a decrease in average selling prices of our products due to promotional pricing following peak demand in prior periods. Our revenue generated from Europe increased by 24.7% to RMB1,697.1 million in 2025 as demand recovered across major European markets.

Our revenue generated from Americas increased by 12.4% from RMB837.3 million in 2023 to RMB941.5 million in 2024, and further increased by 42.4% to RMB1,341.0 million in 2025, primarily driven by significant growth in the United States, and strong demand for energy storage system products.

Costs of Sales

During the Track Record Period, our cost of sales primarily consisted of cost of raw materials. Cost of sales amounted to RMB3,953.7 million, RMB3,566.0 million and RMB4,057.5 million in 2023, 2024 and 2025, respectively, representing 73.7%, 79.7% and 77.5% of our total revenue for the same years, respectively.

The following table sets forth our costs of sales by product category, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Energy storage system products	1,416,311	26.4	1,247,958	27.9	2,425,846	46.4
PV inverters	2,311,183	43.1	2,112,069	47.2	1,290,216	24.7
AI-empowered energy management systems	59,630	1.1	40,069	0.9	41,080	0.8
Others[(1)]	166,546	3.1	165,859	3.7	300,344	5.6
Total	**3,953,670**	**73.7**	**3,565,955**	**79.7**	**4,057,486**	**77.5**

Note:

(1) Primarily include high voltage control boxes and other accessories.

The following table sets forth our costs of sales by nature, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Cost of raw materials	3,032,925	56.6	2,693,802	60.2	3,177,939	60.7
Labor costs	94,682	1.8	85,902	1.9	83,922	1.6
Manufacturing overhead	225,141	4.2	225,439	5.0	225,597	4.3
Others[(1)]	600,922	11.1	560,812	12.6	570,028	10.9
Total	**3,953,670**	**73.7**	**3,565,955**	**79.7**	**4,057,486**	**77.5**

Note:

(1) Primarily include transportation costs, warranty costs and provision for impairment of inventories.

Cost of raw materials represent a significant portion of our cost of sales. The principal raw materials we use in the production of our products include passive components such as inductors, active components such as IGBT and integrated circuits, batteries and others. Our cost of raw materials amounted to RMB3,032.9 million, RMB2,693.8 million and RMB3,177.9 million in 2023, 2024 and 2025, respectively, representing 56.6%, 60.2% and 60.7% of our total revenue in the same years. During the Track Record Period, our cost of raw materials fluctuated generally in line with the fluctuations in the shipment volume of our certain products. Our labor costs consist of employees' salaries, bonuses and benefits. Our manufacturing overhead consists of depreciation and amortization of property, plant and equipment, and other manufacturing overhead.

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. In 2023, 2024 and 2025, our gross profit was RMB1,409.1 million, RMB909.6 million and RMB1,175.4 million, respectively. Our gross profit margin decreased from 26.3% in 2023 to 20.3% in 2024, primarily because we offered promotional pricing and discounts amid the normalization of energy demand in the aftermath of the European energy crisis. Our gross profit margin improved to 22.5% in 2025 from 20.3% in 2024, primarily due to the increase in the proportion of our revenue generated from energy storage system products, which carried a higher gross profit margin of 26.8% compared to 17.1% for PV inverters in 2025.

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

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Energy storage system products	**666,850**	**32.0**	**418,115**	**25.1**	**889,575**	**26.8**
– Energy storage inverters	339,694	35.9	205,705	25.4	345,773	24.2
– Battery	327,255	28.9	204,962	26.6	515,152	32.6
– All-in-one products	(99)	(1.9)	7,448	8.9	28,650	9.3
PV inverters	**644,890**	**21.8**	**472,655**	**18.3**	**266,625**	**17.1**
– Residential inverters	294,679	17.8	294,967	16.5	126,275	14.5
– C&I inverters	350,211	26.9	177,688	22.4	140,350	20.4
AI-empowered energy management systems	**10,145**	**14.5**	**15,732**	**28.2**	**19,659**	**32.4**
Others[1]	**87,249**	**34.4**	**3,132**	**1.9**	**(425)**	**(0.1)**
Total	**1,409,134**	**26.3**	**909,634**	**20.3**	**1,175,434**	**22.5**

Note:

(1) Primarily include high voltage control boxes and other accessories.

For a discussion of year-on-year changes of our gross profit and gross profit margin, see "—Year to Year Comparison of Results of Operations" for details.

Other Income

During the Track Record Period, our other income primarily consisted of government grants, investment income from financial assets at FVTPL, investment income from financial assets at FVTOCI, investment income from financial liabilities at FVTPL and interest income. We had other income of RMB112.3 million, RMB93.9 million and RMB90.6 million in 2023, 2024 and 2025, respectively, representing 2.1%, 2.1% and 1.7% of our total revenue for the same years, respectively.

The following table sets forth a breakdown of key components of other income, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Government grants	67,285	1.3	47,736	1.1	20,659	0.4
Investment income from financial assets at FVTPL	218	*	1,847	*	2,967	0.1
Investment income from financial assets at FVTOCI	–	–	3,691	0.1	11,626	0.2
Investment income from financial liabilities at FVTPL	–	–	5,740	0.1	5,346	0.1
Interest income	44,770	0.8	34,886	0.8	50,038	0.9
Total	**112,273**	**2.1**	**93,900**	**2.1**	**90,636**	**1.7**

Note:

* Less than 0.1%.

Other Gains/(Losses), Net

During the Track Record Period, our other gains/(losses), net consisted of fair value changes on financial assets at FVTPL, fair value changes on financial liabilities at FVTPL, losses on disposal of property, plant and equipment, net, gains on early termination of leases, net, impairment loss on property, plant and equipment, exchange gains/(losses), net, loss on disposal of a subsidiary, and insurance compensation. We achieved other gains, net of RMB120.2 million and RMB81.6 million in 2023 and 2025, respectively, primarily due to exchange gains arising from changes in exchange rates between RMB and major foreign currencies. We recorded other losses, net of RMB14.8 million in 2024, primarily due to losses on disposal of property, plant and equipment, net.

The following table sets forth a breakdown of key components of other gains/(losses), net, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Fair value changes on financial assets at FVTPL	–	–	(5,609)	(0.1)	11,331	0.2
Fair value changes on financial liabilities at FVTPL	–	–	(1,476)	*	6,327	0.1

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Losses on disposal of property, plant and equipment, net	(8,630)	(0.2)	(14,033)	(0.3)	(16,744)	(0.3)
Gains on early termination of leases, net	3,482	0.1	574	*	863	*
Impairment loss on property, plant and equipment	–	–	–	–	(1,471)	*
Exchange gains/(losses), net	125,923	2.3	(8,384)	(0.2)	71,210	1.4
Insurance compensation	303	*	14,172	0.3	10,078	0.2
Loss on disposal of a subsidiary	(829)	*	–	–	–	–
Total	**120,249**	**2.2**	**(14,756)**	**(0.3)**	**81,594**	**1.6**

Note:

* Less than 0.1%.

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses primarily consisted of (i) employee benefit expenses for our selling and marketing personnel, (ii) marketing expenses relating to promotional and after-sales activities, (iii) insurance expenses relating to export insurance policies, (iv) travel expenses relating to marketing activities, (v) depreciation expenses, (vi) business entertainment expenses, and (vii) others. In 2023, 2024 and 2025, we recorded selling and distribution expenses of RMB392.3 million, RMB358.9 million and RMB323.9 million, respectively, representing 7.3%, 8.0% and 6.2% of our revenue during the same years, respectively.

The following table sets forth a breakdown of key components of selling and distribution expenses, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee benefit expenses	138,155	2.6	174,520	3.9	169,552	3.2
Marketing expenses	127,419	2.3	79,323	1.8	59,364	1.1
Insurance expenses	35,093	0.7	28,515	0.6	30,427	0.6
Travel expenses	24,645	0.5	24,139	0.5	14,902	0.3
Depreciation expenses	10,838	0.2	13,861	0.3	15,131	0.3
Business entertainment expenses	16,521	0.3	12,775	0.3	9,368	0.2
Others(1)	39,614	0.7	25,816	0.6	25,194	0.5
Total	**392,285**	**7.3**	**358,949**	**8.0**	**323,938**	**6.2**

Note:

(1) Primarily include professional service expenses, material consumptions and leases.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) employee benefit expenses for our R&D personnel, (ii) direct input costs, including material consumption, utility consumption and sample production expenses (iii) depreciation and amortization, and (iv) test and certification fees. In 2023, 2024 and 2025, we recorded research and development expenses of RMB440.3 million, RMB339.2 million and RMB298.4 million, respectively, representing 8.2%, 7.6% and 5.7% of our revenue during the same years.

The following table sets forth a breakdown of key components of research and development expenses, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee benefit expenses	246,167	4.6	232,399	5.2	206,774	3.9
Direct input costs	113,499	2.1	32,669	0.7	21,010	0.4
Depreciation and amortization	35,035	0.7	50,083	1.1	47,144	0.9
Test and certification fees	12,061	0.2	12,312	0.3	13,699	0.3
Others[(1)]	33,535	0.6	11,755	0.3	9,731	0.2
Total	**440,297**	**8.2**	**339,218**	**7.6**	**298,358**	**5.7**

Note:

(1) Primarily include equity-settled share-based payment expenses, professional fees, and software and network usage fees.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefit expenses for our administrative personnel, (ii) depreciation and amortization, (iii) professional service fees, primarily including audit and legal service fees, (iv) internet and communication expenses, (v) office expenses, and (vi) others. In 2023, 2024 and 2025, we recorded administrative expenses of RMB248.4 million, RMB193.7 million and RMB188.2 million, respectively, representing 4.6%, 4.3% and 3.6% of our revenue during the same years, respectively.

The following table sets forth a breakdown of key components of administrative expenses, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Employee benefit expenses	82,985	1.5	81,455	1.8	82,398	1.5
Depreciation and amortization	30,919	0.6	22,581	0.5	27,809	0.5
Professional service fees	67,426	1.3	19,961	0.4	15,718	0.3
Internet and communication expenses	8,084	0.2	8,457	0.2	9,949	0.2
Office expenses	3,952	0.1	1,526	*	1,606	*
Taxes and surcharges	23,803	0.4	39,327	0.9	25,384	0.5
Bank charges and others	2,934	0.1	3,032	0.1	3,844	0.1
Non-operating income and expenses, net	1,034	*	1,165	*	3,042	0.1
Others[(1)]	27,221	0.4	16,220	0.4	18,487	0.4
Total	**248,358**	**4.6**	**193,724**	**4.3**	**188,237**	**3.6**

Note:

* Less than 0.1%.

(1) Primarily include software and network usage fees, building maintenance fees, property management fees, electricity charges, and security service fees.

Impairment Losses on Trade and Other Receivables, Net

During the Track Record Period, we recorded impairment losses on trade and other receivables, net of RMB30.4 million, RMB42.4 million and RMB19.0 million in 2023, 2024 and 2025, respectively. In 2023, the impairment losses primarily consisted of provision for other receivables of RMB21.7 million. In 2024, the impairment losses increased primarily due to a significant increase in provision for trade receivables from RMB8.7 million in 2023 to RMB41.1 million in 2024, partially offset by a decline in provision for other receivables from RMB21.7 million in 2023 to RMB1.3 million in 2024. In 2025, the impairment losses decreased compared to 2024, primarily due to a decrease in provision for trade receivables from RMB41.1 million in 2024 to RMB17.2 million in 2025. For further details, see Note 36(a) to the Accountants' Report in Appendix I to this document.

Finance Costs

During the Track Record Period, our finance costs primarily consisted of interest expense on borrowings, interest expense on lease liabilities and interest expense on financial instruments issued to investors. We had finance costs of RMB22.6 million, RMB10.6 million and RMB6.6 million in 2023, 2024 and 2025, respectively, representing 0.4%, 0.2% and 0.1% of our revenue during the same years.

The following table sets forth a breakdown of finance costs, expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)					
Interest expense on borrowings	4,635	0.1	5,940	0.1	5,161	0.1
Interest expense on lease liabilities	11,124	0.2	6,694	0.1	3,198	0.1
Interest expense on financial instruments issued to investors	6,929	0.1	–	–	–	–
	22,688	0.4	12,634	0.2	8,359	0.2
Less: amount capitalized	(56)	*	(2,017)	*	(1,772)	(0.1)
Total	**22,632**	**0.4**	**10,617**	**0.2**	**6,587**	**0.1**

Note:

* Less than 0.1%.

Share of Profits/(Losses) of Associates

Our share of profits or losses of associates represents our share of results of our investments in several associates, which are accounted for using the equity method. For further details, see Note 16 to the Accountants' Report in Appendix I to this document.

Fair Value Changes of Financial Instruments Issued to Investors

Fair value changes of financial instruments issued to investors represent changes in the fair value of our convertible preferred shares issued in connection with our equity financing. The convertible preferred shares are classified as financial instruments issued to investors and measured at fair value through profit or loss. The Series A Preferred Shares will be automatically converted into ordinary shares upon completion of the [**REDACTED**], and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the [**REDACTED**]. In 2023, we recorded a fair value gain of RMB361.9 million, primarily due to a decrease in the fair value of the convertible preferred shares. In 2024 and 2025, we recorded fair value losses of RMB29.1 million and RMB67.4 million, respectively, primarily due to an increase in the fair value of such instruments.

TAXATION

The Cayman Islands

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law, and has not been subject to any taxation in the Cayman Islands since its incorporation.

Hong Kong

Growatt Hongkong is incorporated in Hong Kong and qualifies for the two-tiered profits tax rates regime. Under such regime, the first HK$2.0 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Chinese Mainland

Generally, our subsidiaries in Chinese Mainland are subject to enterprise income tax on their taxable income in China at a rate of 25%, except that (i) two subsidiaries of us were entitled to a preferential tax rate of 15% during the Track Record Period due to their qualifications as High and New Technology Enterprises and (ii) one subsidiary of us was entitled to a 50% tax reduction during the Track Record Period due to its qualification as an Integrated Circuit Company and Software Company.

Netherlands

Growatt Netherlands is incorporated in the Netherlands and is a qualifying corporation under the two-tiered profits tax rate regime. During the Track Record Period, the first EUR200,000 of assessable profits are taxed at 19%, and the remaining assessable profits are taxed at 25.8%.

United States

Growatt USA is incorporated in the United States and is subject to federal tax at a rate of 21% and state and local income taxes at a rate of 8.84%, respectively, of assessable profit.

Vietnam

Growatt Vietnam is incorporated in Vietnam and is subject to full tax exemption during the Track Record Period.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenues

Our total revenues increased by 16.9% from RMB4,475.6 million in 2024 to RMB5,232.9 million in 2025, primarily driven by the significant growth in revenue from our energy storage system products, which offset the continued decline in revenue from our PV inverters.

Energy storage system products

Revenue generated from energy storage system products increased by 99.0% from RMB1,666.1 million in 2024 to RMB3,315.4 million in 2025, primarily driven by (i) strong growth in shipment volume of energy storage inverters, which increased by 80.3% from 219,515 units in 2024 to 395,715 units in 2025, resulting in an increase in revenue of RMB618.7 million, and (ii) substantial growth in demand for battery, with shipment volume increasing by 109.3% from 133,908 units in 2024 to 280,286 units in 2025.

PV inverters

Revenue generated from PV inverters decreased by 39.8% from RMB2,584.7 million in 2024 to RMB1,556.8 million in 2025, primarily due to continued declines in both shipment volume and average selling price of residential inverters, with shipment volume decreasing by 26.9% from 751,157 units in 2024 to 549,322 units in 2025. In addition, revenue from C&I inverters decreased as shipment volume declined by 14.3% from 61,187 in 2024 to 52,438 units in 2025.

Cost of sales

Our cost of sales increased by 13.8% from RMB3,566.0 million in 2024 to RMB4,057.5 million in 2025. This increase in cost of sales was primarily attributable to an increase in the cost of materials of RMB484.1 million.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 29.2% from RMB909.6 million in 2024 to RMB1,175.4 million in 2025. Our gross profit margin improved from 20.3% in 2024 to 22.5% in 2025, primarily due to the increase in the proportion of our revenue generated from energy storage system products, which carried a higher gross profit margin compared to PV inverters.

The gross profit margin for energy storage system products improved from 25.1% in 2024 to 26.8% in 2025, primarily due to (i) an increase in the proportion of revenue generated from the Americas, which generally carried a higher gross profit margin, and (ii) an increase in the proportion of revenue generated from battery, which generally carried a higher gross profit margin.

The gross profit margin for PV inverters decreased from 18.3% in 2024 to 17.1% in 2025, primarily due to an increase in the proportion of revenue generated from certain markets with relatively lower gross profit margin, as we have strategically focused on energy storage system products in the markets with relatively higher gross profit margin coupled with the shift in market demand from PV inverters to energy storage system products in such markets.

Other income

We recorded other income of RMB93.9 million in 2024, as compared to other income of RMB90.6 million in 2025, primarily due to a decrease of RMB27.1 million in government grants. This decrease was partially offset by an increase in interest income of RMB15.2 million.

Other gains/(losses), net

In 2025, we recorded other gains, net of RMB81.6 million, compared to other losses, net of RMB14.8 million in 2024, primarily due to an increase of RMB79.6 million in exchange gains, net.

Selling and distribution expenses

Our selling and distribution expenses decreased by 9.8% from RMB358.9 million in 2024 to RMB323.9 million in 2025, primarily due to a decrease in marketing expenses of RMB20.0 million, mainly attributable to enhanced brand recognition of our brands in overseas markets and our refined marketing management, which enabled us to optimize advertising spending and improve marketing efficiency.

Administrative expenses

Our administrative expenses decreased by 2.8% from RMB193.7 million in 2024 to RMB188.2 million in 2025. The decrease was primarily attributable to a decrease in taxes and surcharges of RMB13.9 million.

Research and development expenses

Our research and development expenses decreased by 12.0% from RMB339.2 million in 2024 to RMB298.4 million in 2025, primarily due to a decrease in direct input costs as we leveraged our platform-driven R&D approach with standardized hardware architecture to enhance our R&D efficiency and we strategically focused more on software development that carried lower direct input costs.

Impairment losses on trade and other receivables, net

Our impairment losses on trade and other receivables, net decreased by 55.2% from RMB42.4 million in 2024 to RMB19.0 million in 2025, primarily due to a decrease in provision for trade receivables from RMB41.1 million in 2024 to RMB17.2 million in 2025.

Finance costs

Our finance costs decreased from RMB10.6 million in 2024 to RMB6.6 million in 2025, primarily due to a decrease of RMB3.5 million in the interest on lease liabilities as a result of a decrease in lease liabilities following the early termination and reduction of certain leases of our plants and offices.

Share of losses of associates

Our share of losses of an associate increased from RMB2.4 million in 2024 to RMB7.5 million in 2025, primarily due to loss of approximately RMB21.5 million incurred by our associates.

Fair value changes of financial instruments issued to investors

Our fair value losses of financial instruments issued to investors increased from RMB29.1 million in 2024 to RMB67.4 million in 2025 due to an increase in the fair value of convertible preferred shares.

Income tax (expense)/credit

We recorded income tax credit of RMB7.4 million in 2024 and income tax expense of RMB24.1 million in 2025. The shift from income tax credit to income tax expense was primarily due to an improvement in our profitability, partially offset by the continued benefit of super deduction of research and development expenses and tax exemptions or preferential tax treatments applicable to certain overseas subsidiaries.

Profit for the year

As a result of the foregoing, our profit for the year increased significantly from RMB19.9 million in 2024 to RMB412.6 million in 2025.

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

Revenues

Our total revenues decreased by 16.5% from RMB5,362.8 million in 2023 to RMB4,475.6 million in 2024, primarily due to the decrease in revenue from our energy storage system products and PV inverters.

Energy storage system products

Revenue generated from energy storage system products decreased by 20.0% from RMB2,083.2 million in 2023 to RMB1,666.1 million in 2024, primarily due to (i) a decrease in revenue from battery by RMB359.4 million, as demand softened following the gradual easing of the European energy crisis, with shipment volume declining by 23.8% from 175,671 units in 2023 to 133,908 units in 2024, and (ii) a decrease in average selling price of energy storage inverters of approximately 17.7%, despite an increase in shipment volume of 4.0% from 211,004 units in 2023 to 219,515 units in 2024.

PV inverters

Revenue generated from PV inverters decreased by 12.6% from RMB2,956.1 million in 2023 to RMB2,584.7 million in 2024, primarily due to a significant decline in revenue from C&I inverters, where shipment volume decreased by 33.5% from 92,000 units in 2023 to 61,187 units in 2024. Such decrease was partially offset by an increase in revenue from residential inverters, driven by a significant increase in shipment volume of 47.5% from 509,330 units in 2023 to 751,157 units in 2024.

Cost of sales

Our cost of sales decreased by 9.8% from RMB3,953.7 million in 2023 to RMB3,566.0 million in 2024. This decrease in cost of sales was primarily attributable to a decrease in the cost of materials of RMB339.1 million, as well as a decrease of RMB40.1 million in other cost items, primarily transportation costs and warranty costs. Our cost of sales increased as a percentage of revenue from 73.7% in 2023 to 79.7% in 2024, primarily due to the decrease in average selling prices of our products outpacing the reduction in unit costs.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 35.4% from RMB1,409.1 million in 2023 to RMB909.6 million in 2024. Our gross profit margin decreased from 26.3% in 2023 to 20.3% in 2024, primarily because we offered promotional pricing and discounts amid the normalization of energy demand in the aftermath of the European energy crisis.

The gross profit margin for energy storage system products decreased from 32.0% in 2023 to 25.1% in 2024, primarily due to declines in the average selling prices of our energy storage system products. In particular, the average selling price of energy storage inverters decreased as a result of promotional pricing, while the average selling price of battery declined due to intensified market competition and a decrease in raw material prices.

The gross profit margin for PV inverters decreased from 21.8% in 2023 to 18.3% in 2024, primarily due to the intensified market competition in the PV inverter industry and continued pricing pressure.

Other income

We recorded other income of RMB112.3 million in 2023, as compared to other income of RMB93.9 million in 2024, primarily due to (i) a decrease of RMB19.5 million in government grants, and (ii) a decrease of RMB9.9 million in interest income. This was partially offset by an increase of RMB5.7 million in investment income from financial liabilities at FVTPL.

Other gains/(losses), net

In 2023, we recorded other gains, net of RMB120.2 million, compared to other losses, net of RMB14.8 million in 2024, primarily due to (i) a swing of RMB134.3 million in exchange gains/(losses), net, from exchange gains of RMB125.9 million in 2023 to exchange losses of RMB8.4 million in 2024 as a result of adverse exchange rate movements between RMB and major foreign currencies, and (ii) fair value losses on financial assets at FVTPL of RMB5.6 million in 2024 compared to nil in 2023.

Selling and distribution expenses

Our selling and distribution expenses decreased by 8.5% from RMB392.3 million in 2023 to RMB358.9 million in 2024, primarily due to a decrease in marketing expenses of RMB48.1 million, mainly attributable to enhanced brand recognition of our brands in overseas markets and our refined marketing management, which enabled us to optimize advertising spending and improve marketing efficiency. This decrease was partially offset by an increase in employee benefit expenses of RMB36.4 million as a result of our proactive expansion into emerging markets, including Asia Pacific and the Americas, by expanding our overseas sales teams with higher compensation levels.

Administrative expenses

Our administrative expenses decreased by 22.0% from RMB248.4 million in 2023 to RMB193.7 million in 2024. The decrease was primarily attributable to a decrease in professional service fees of RMB47.5 million, which mainly include audit and legal service fees.

Research and development expenses

Our research and development expenses decreased by 23.0% from RMB440.3 million in 2023 to RMB339.2 million in 2024, primarily due to a decrease in direct input costs as we leveraged our platform-driven R&D approach with standardized hardware architecture to enhance our R&D efficiency and we strategically focused more on software development that carries lower direct input costs.

Impairment losses on trade and other receivables, net

Our impairment losses on trade and other receivables, net increased by 39.1% from RMB30.4 million in 2023 to RMB42.4 million in 2024, primarily due to a significant increase in provision for trade receivables from RMB8.7 million in 2023 to RMB41.1 million in 2024, partially offset by a decline in provision for other receivables from RMB21.7 million in 2023 to RMB1.3 million in 2024.

Finance costs

Our finance costs decreased from RMB22.6 million in 2023 to RMB10.6 million in 2024, primarily due to a decrease of RMB4.4 million in the interest on lease liabilities as a result of a decrease in lease liabilities following the early termination of certain leases of our plants and offices, partially offset by an increase of RMB1.3 million in the interest on bank loans.

Share of losses of associates

We recorded a share of profits of associates of RMB46.1 million in 2023. In 2024, we recorded a share of losses of associates of RMB2.4 million, primarily due to the decrease in the profitability of an associate, as well as losses incurred by other associates.

Fair value changes of financial instruments issued to investors

Our fair value changes of financial instruments issued to investors decreased from fair value gains of RMB361.9 million in 2023 to fair value losses of RMB29.1 million in 2024, primarily due to an increase in the fair value of convertible preferred shares compared to the prior year.

Income tax (expense)/credit

We recorded income tax expense of RMB72.3 million in 2023 and income tax credit of RMB7.4 million in 2024. The shift from income tax expense to income tax credit was primarily attributable to (i) a substantial decline in our profit before taxation, and (ii) the benefit of super deduction of research and development expenses under the PRC tax regulations, which reduced our taxable income.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 97.6% from RMB843.3 million in 2023 to RMB19.9 million in 2024.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth certain selected items from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets:			
Property, plant and equipment	877,262	959,718	973,600
Right-of-use assets	245,566	163,899	115,140
Intangible assets	32,640	24,347	23,797
Investments in associates	98,548	107,192	99,264
Prepayments and other assets	25,194	4,589	4,217
Deferred tax assets	192,093	227,556	231,045
Financial assets at fair value through other comprehensive income	419	344,119	537,598
Total current assets	5,425,080	4,808,362	5,760,635
Total assets	**6,896,802**	**6,639,782**	**7,745,296**
Non-current liabilities:			
Borrowings	135,086	134,817	–
Lease liabilities	131,615	52,475	24,804
Deferred income	3,615	3,472	2,958
Provisions	83,290	86,555	77,570
Total current liabilities	3,301,789	3,139,454	4,025,713
Total liabilities	**3,655,395**	**3,416,773**	**4,131,045**
Net current assets	**2,123,291**	**1,668,908**	**1,734,922**
Net assets	**3,241,407**	**3,223,009**	**3,614,251**
Share capital	83	83	83
Reserves	3,171,876	3,205,246	3,593,602
Equity attributable to owners of the Company	3,171,959	3,205,329	3,593,685
Non-controlling interests	69,448	17,680	20,566
Total equity	**3,241,407**	**3,223,009**	**3,614,251**

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current assets				
Inventories	2,173,062	1,485,967	1,537,217	1,643,147
Trade and notes receivables	1,065,928	842,341	824,950	1,168,207
Prepayments, other receivables and other assets	330,668	262,007	274,990	365,553
Financial assets at fair value through profit or loss	100,000	218,160	289,041	494,595
Financial assets at fair value through other comprehensive income	30,608	65,013	6,946	9,773
Restricted bank deposits	35,998	71,211	111,851	219,560
Time deposits	238,811	195,750	431,271	275,147
Cash and cash equivalents	1,450,005	1,667,913	2,284,369	1,975,602
Total current assets	**5,425,080**	**4,808,362**	**5,760,635**	**6,151,584**
Current liabilities				
Trade and notes payables	1,160,797	1,338,750	1,781,689	2,039,583
Other payables and accrual	650,769	351,260	447,889	616,691
Contract liabilities	214,104	123,270	305,677	249,229
Borrowings	150,150	200,175	283,168	198,867
Lease liabilities	50,521	47,976	24,292	20,782
Provisions	142,143	114,734	127,883	123,910
Financial liabilities at fair value through profit or loss	–	2,122	21,217	56,747
Current tax liabilities	20,794	27,108	28,642	35,924
Financial instruments issued to investors	912,511	934,059	1,005,256	1,007,538
Total current liabilities	**3,301,789**	**3,139,454**	**4,025,713**	**4,349,271**
Net current assets	**2,123,291**	**1,668,908**	**1,734,922**	**1,802,313**

Our net current assets increased from RMB1,668.9 million as of December 31, 2024 to RMB1,734.9 million as of December 31, 2025, primarily due to (i) an increase in cash and cash equivalents of RMB616.5 million, and (ii) an increase in restricted cash of RMB40.6 million; partially offset by (i) an increase in trade and notes payables of RMB442.9 million, (ii) an increase in contract liabilities of RMB182.4 million, (iii) an increase in other payables and accruals of RMB96.6 million, (iv) an increase in borrowings of RMB83.0 million, and (v) a decrease in trade and notes receivables of RMB17.4 million.

Our net current assets decreased from RMB2,123.3 million as of December 31, 2023 to RMB1,668.9 million as of December 31, 2024, primarily due to (i) a decrease in inventories of RMB687.1 million, (ii) a decrease in trade and notes receivables of RMB223.6 million, (iii) an increase in trade and notes payables of RMB178.0 million, (iv) a decrease in prepayments, other receivables and other assets of RMB68.7 million, and (v) an increase in borrowings of RMB50.0 million. Such decreases were partially offset by (i) a decrease in other payables and accruals of RMB299.5 million, primarily due to the settlement of dividend payable and a reduction in refund liabilities, (ii) an increase in cash and cash equivalents of RMB217.9 million, (iii) an increase in financial assets at FVTPL of RMB118.2 million, and (iv) a decrease in provisions of RMB27.4 million.

Property, Plant and Equipment

Our property, plant and equipment consist of buildings, machinery and equipment, motor vehicles, furniture and office equipment, leasehold improvements and construction in progress. The following table sets forth our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Plant and buildings	208,592	282,322	268,318
Machinery and equipment	323,938	383,526	329,308
Motor vehicles	14,171	18,046	12,716
Furniture and office equipment	35,371	27,297	19,184
Leasehold improvements	49,630	33,537	7,848
Construction in progress	245,560	214,990	336,226
	877,262	**959,718**	**973,600**

Our property, plant and equipment amounted to RMB877.3 million, RMB959.7 million, and RMB973.6 million as of December 31, 2023, 2024 and 2025, respectively. In 2023, additions of property, plant and equipment amounted to RMB504.3 million, primarily driven by (i) increases in construction in progress of RMB230.0 million, mainly relating to building construction and installation projects for our production facilities, and (ii) additions of machinery and equipment of RMB198.6 million. These additions were partially offset by disposals and transfers of RMB38.2 million. In 2024, additions amounted to RMB245.4 million, primarily consisting of increases in construction in progress of RMB140.7 million and machinery and equipment of RMB47.8 million, partially offset by disposals and transfer of RMB35.2 million, primarily attributable to the termination of certain leased premises and disposal of machinery and equipment. In 2025, additions amounted to RMB170.1 million, mainly driven by increases in construction in progress of RMB143.7 million, while disposals and transfer amounted to RMB49.6 million, primarily due to the write-off of leasehold improvements in connection with the termination of a lease at our Huizhou plant and buildings. Overall, the increase in property, plant and equipment from 2024 to 2025 was primarily attributable to additions in construction in progress relating to our new headquarters project in Shenzhen, partially offset by depreciation charges and disposals during the year. For further information regarding our property, plant and equipment, see Note 13 of the Accountants' Report in Appendix I.

Inventories

Our inventories consist of raw materials, work-in-progress, finished goods and goods in transit. To minimize the risk of inventory build-up, we review our inventory levels on a monthly basis. We believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and deliver our products to meet customer demand in a timely manner without straining our liquidity.

The following table sets forth a summary of our inventory balance as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	558,650	417,048	382,550
Work-in-progress	153,978	132,065	131,509
Finished goods	1,611,801	1,072,849	1,101,081
	2,324,429	1,621,962	1,615,140
Less: Provisions for impairment of inventories	(151,367)	(135,995)	(77,923)
	2,173,062	**1,485,967**	**1,537,217**

Our inventories amounted to RMB2,173.1 million, RMB1,486.0 million and RMB1,537.2 million as of December 31, 2023, 2024 and 2025, respectively. The decrease from 2023 to 2024 was primarily due to a decrease in finished goods of approximately RMB539.0 million, as we proactively implemented destocking measures, including promotional pricing, to enhance inventory turnover efficiency and accelerate cash recovery. In addition, raw materials decreased from RMB558.7 million in 2023 to RMB417.0 million in 2024, primarily due to a decline in procurement demand as we proactively reduced production scale in line with market conditions. The inventories remained relatively stable from 2024 to 2025, with a slight increase primarily attributable to a modest increase in finished goods as we replenished inventory to support business growth, partially offset by continued reductions in raw materials as a result of refined supply chain management and inventory control measures.

We make provisions for impairment of inventories based on an assessment of net realizable value and aging. Our provisions for impairment of inventories decreased from RMB151.4 million as of December 31, 2023 to RMB136.0 million as of December 31, 2024, and further decreased to RMB77.9 million as of December 31, 2025. The decrease from 2024 to 2025 was primarily attributable to a significant reduction in impairment provisions for finished goods, which decreased from RMB117.2 million to RMB48.4 million, primarily as a result of the successful destocking of previously impaired inventory and improved market demand for our products.

The following table sets out the aging analysis of inventory as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 1 year	2,056,103	1,178,095	1,358,477
1 year to 2 years	257,594	344,193	97,326
2 year to 3 years	8,450	90,114	104,098
Above 3 years	2,282	9,560	55,239
Total	**2,324,429**	**1,621,962**	**1,615,140**

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

	Year Ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	217	187	136

Note:

(1) Inventory turnover days are derived by dividing the average inventory for the relevant period by cost of sales and multiplying by 365 days for a period of one year.

Our inventory turnover days decreased from 217 days in 2023 to 187 days in 2024 and further to 136 days in 2025. The improvement was primarily attributable to our proactive inventory management strategies, including destocking initiatives in 2024 and enhanced production planning and supply chain optimization in 2025. Our inventory turnover days were in line with the industry average of 152 days, 174 days and 157 days for the years ended December 31, 2023, 2024 and 2025, respectively. We aim to continue to actively manage our inventory turnover days in the future.

As of April 30, 2026, RMB874.5 million, or 54.1%, of our inventory as of December 31, 2025 was recognized as sales.

Trade and Notes Receivables

Our trade and notes receivables primarily consist of receivables from our customers.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables[(1)]	862,211	708,270	628,200
Notes receivables[(2)]	214,073	166,585	221,770
Less: Loss allowance	(10,356)	(32,514)	(25,020)
Total	**1,065,928**	**842,341**	**824,950**

Notes:

(1) As of April 30, 2026, RMB551.3 million, or 87.8%, of our trade receivables as of December 31, 2025 had been subsequently settled.

(2) As of April 30, 2026, RMB180.7 million, or 81.5%, of our notes receivables as of December 31, 2025 had been subsequently settled.

Trade receivables and notes receivables are due within 30 to 180 days from the date of billing. We do not hold any collateral over the balances. Our trade and notes receivables (net of loss allowance) decreased from RMB1,065.9 million as of December 31, 2023 to RMB842.3 million as of December 31, 2024, and further decreased to RMB825.0 million as of December 31, 2025. The decrease from 2023 to 2024 was primarily attributable to (i) a decline in our domestic sales, which typically have relatively longer credit periods, and (ii) a change in our customer mix, with a higher proportion of sales to overseas customers that generally have shorter credit terms, resulting in a faster turnover of receivables. The further decrease from 2024 to 2025 was primarily due to the continued increase in sales to overseas customers with relatively shorter credit periods, which improved our overall receivables turnover. All of our trade and notes receivables are expected to be recovered within one year from the respective reporting date.

Our loss allowance for trade receivables increased from RMB10.4 million as of December 31, 2023 to RMB32.5 million as of December 31, 2024, primarily reflecting higher expected credit loss rates applied to aged trade receivables as certain balances moved into longer aging brackets. The loss allowance decreased to RMB25.0 million as of December 31, 2025, primarily due to the write-back and write-off of certain aged balances.

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

	Year Ended December 31,		
	2023	2024	2025
Trade and notes receivables turnover days[(1)]	87	78	58

Note:

(1) Trade and notes receivables turnover days are equal to the average balance of trade and notes receivables at the beginning and the end of the relevant period divided by revenue for such period and multiplied by 365 days for a period of one year.

In 2023, 2024 and 2025, our trade and notes receivables turnover days were 87 days, 78 days and 58 days, respectively, which were within the range of credit period granted to our customers. The decrease in our trade and notes receivables turnover days from 2023 to 2024 was primarily due to a change in customer mix, with a higher proportion of sales to overseas customers that generally have shorter credit terms. Our trade and notes receivables turnover days further decreased in 2025, primarily due to the continued increase in sales to overseas customers with relatively shorter credit periods.

The following table sets out the aging analysis of trade receivables, based on the invoice date and before loss allowance, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 6 months	767,306	548,098	557,880
6 months to 1 year	86,450	110,605	32,027
1 year to 2 years	7,271	45,917	33,169
2 years to 3 years	1,084	3,238	3,234
Above 3 years	100	412	1,890
Total	**862,211**	**708,270**	**628,200**

As the table above indicates, a predominant proportion of our trade and notes receivables were due within six months, and the decreases in trade receivables during the Track Record Period were in line with changes in our revenue. While the proportion of receivables aged over one year increased from 1.0% as of December 31, 2023 to 6.1% as of December 31, 2025, the overall aging profile remained within a reasonable range. We have applied higher expected credit loss rates to longer-aged receivables to ensure adequate provisioning. Our exposure to credit risk arising from notes receivables is limited because we consider that there is no significant increase in credit risk.

As of April 30, 2026, RMB732.0 million, or 86.1%, of our total trade and notes receivables as of December 31, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Prepayments, other receivables and other assets primarily consist of (i) VAT recoverable representing the value added input tax in excess of the value output tax and the value added tax for cross-border transactions, which can be deductible or recoverable in the future, (ii) prepaid corporate income tax, (iii) prepayment for materials and expenses, and (iv) right to recover returned goods. Current balances of prepayments, deposits and other receivables are expected to be recovered or recognized as expense within one year.

The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Non-current			
Prepayment for property, plant and equipment	18,867	3,882	3,857
Others	6,327	707	360
	25,194	4,589	4,217

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current			
Other receivables			
– Deposits receivables	38,348	31,617	58,471
Amounts due from related parties	433	434	394
Others	10,635	26,716	29,705
Less: allowance for impairment	(2,475)	(3,747)	(5,037)
	46,941	55,020	83,533
VAT recoverable	147,921	107,571	94,101
Prepaid corporate income tax	85,881	56,710	40,848
Prepayments for materials and expenses	41,132	34,667	47,333
Right to recover returned good	8,792	7,211	7,359
Other prepayments	1	828	1,816
	330,668	**262,007**	**274,990**

Our prepayments, other receivables and other assets decreased from RMB330.7 million as of December 31, 2023 to RMB262.0 million as of December 31, 2024, primarily due to (i) a decrease in VAT recoverable of RMB40.4 million due to our proactive destocking efforts, (ii) a decrease in prepaid corporate income tax of RMB29.2 million, and (iii) a decrease in prepayment for property, plant and equipment of RMB15.0 million as related construction projects progressed and prepayments were reclassified into property, plant and equipment or construction in progress.

Our prepayments, other receivables and other assets remained relatively stable at RMB262.0 million and RMB275.0 million as of December 31, 2024 and 2025, respectively. The slight increase was primarily due to (i) an increase in other receivables of RMB28.5 million, mainly attributable to an increase in guarantee deposits, and (ii) an increase in prepayments for materials and expenses of RMB12.7 million due to increased demand, partially offset by (i) a decrease in prepaid corporate income tax of RMB15.9 million, and (ii) a decrease in VAT recoverable of RMB13.5 million.

As of April 30, 2026, RMB132.7 million, or 48.3%, of our prepayments, deposits and other receivables as of December 31, 2025 had been subsequently settled.

Financial Assets at FVTPL

Our current financial assets at FVTPL primarily consist of (i) structured deposits and wealth management products and (ii) listed equity securities in the United States held for trading. Our financial assets at FVTPL increased significantly from RMB100.0 million as of December 31, 2023 to RMB218.2 million as of December 31, 2024, and further to RMB289.0 million as of December 31, 2025. The increase from 2023 to 2024 was primarily attributable to (i) an increase in investments in structured deposits and low-risk bank wealth management products as a result of our increased cash balances, and (ii) initial investments in listed equity securities in 2024. The further increase from 2024 to 2025 was primarily attributable to continued increases in investments in both structured deposits and wealth management products and listed equity securities.

The following table sets forth our financial assets at FVTPL as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Structured deposits and wealth management products ("WMPs")	100,000	207,918	267,624
Listed equity securities	–	10,242	21,417
Total	**100,000**	**218,160**	**289,041**

During the Track Record Period, we primarily invested in (i) short-term structured deposits and bank wealth management products with contractual expected return rates ranging from 1.5% to 3.4% per annum, managed by licensed financial institutions in the PRC, and (ii) listed equity securities in the United States held for trading, with a view to enhancing returns on our excess cash while maintaining appropriate risk exposure.

Trade and Notes Payables

Our trade and notes payables primarily relate to the purchase of raw materials and other goods and services from our suppliers.

The following table sets forth our trade and notes payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables(1)	540,879	631,426	611,104
Notes payables(2)	619,918	707,324	1,170,585
Total	**1,160,797**	**1,338,750**	**1,781,689**

Notes:

(1) As of April 30, 2026, RMB605.1 million, or 99.0%, of our trade payables as of December 31, 2025 had been subsequently settled.

(2) As of April 30, 2026, RMB883.0 million, or 75.4%, of our notes payables as of December 31, 2025 had been subsequently settled.

Our trade and notes payables increased from RMB1,160.8 million as of December 31, 2023 to RMB1,338.8 million as of December 31, 2024, and further to RMB1,781.7 million as of December 31, 2025. The increase from 2023 to 2024 was primarily due to changes in procurement timing, with purchases concentrated in the second half of 2024, resulting in higher outstanding payables and corresponding bills at the end of the period. The further increase from 2024 to 2025 was primarily attributable to an increase in bills payable of RMB463.3 million as we increased the proportion of bills as a settlement method with our suppliers.

The credit period granted by suppliers is generally within 90 days. All of our trade and notes payables are expected to be settled within one year or are repayable on demand.

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 in thousands)		
Within 1 year	539,667	624,689	609,675
1 year to 2 years	1,137	5,791	1,044
Over 2 years	75	946	385
	540,879	**631,426**	**611,104**

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

	Year Ended December 31,		
	2023	2024	2025
Trade and notes payables turnover days[(1)]	218	128	140

Note:

(1) Trade and notes payables turnover days are equal to the average balance of trade and notes payables at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days for a period of one year.

Our trade and notes payables turnover days decreased from 218 days in 2023 to 128 days in 2024, primarily attributable to a lower average balance of trade and notes payables during the year. Our trade and notes payables turnover days increased from 128 days in 2024 to 140 days in 2025, primarily attributable to an increase in the balance of notes payables as of December 31, 2025, which increased the average balance of trade and notes payables for the year. The relatively higher turnover days in 2023 was primarily due to a larger opening balance of trade and notes payables carried forward from the preceding year.

As of April 30, 2026, RMB1,488.1 million, or 83.5%, of our total trade and notes payables as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) financial liabilities included in other payables and accruals, including endorsed notes receivables without been derecognized and not yet due, refund liabilities, payables for long-term assets, sales rebate accruals and others, (ii) payroll payables, and (iii) VAT and other tax payables.

The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Endorsed bills receivables without been derecognized and not yet due	175,473	125,884	192,179
Refund liabilities	14,180	10,763	11,150
Payables for long-term assets	78,898	24,417	37,212
Sales rebate accruals	34,886	26,619	37,751
Dividend payable	99,312	–	–
Interest payable	6,929	–	–
Amount due to a related party	–	800	–
Others	102,418	61,570	47,511
Financial liabilities included in other payables and accruals	512,096	250,053	325,803
Payroll payables	120,872	82,871	100,812
VAT and other tax payables	17,801	18,336	21,274
Total	**650,769**	**351,260**	**447,889**

Our other payables and accruals decreased significantly from RMB650.8 million as of December 31, 2023 to RMB351.3 million as of December 31, 2024, primarily due to (i) the settlement of dividend payable of RMB99.3 million, (ii) a decrease in payables for long-term assets of RMB54.5 million as equipment purchases made in 2023 were settled in 2024, (iii) a decrease in payroll payables of RMB38.0 million as a result of our decreased number of employees in 2024, and (iv) a decrease in endorsed notes receivables without been derecognized of RMB49.6 million.

Our other payables and accruals increased from RMB351.3 million as of December 31, 2024 to RMB447.9 million as of December 31, 2025, primarily due to (i) an increase in endorsed notes receivables without been derecognized of RMB66.3 million, (ii) an increase in payroll payables of RMB17.9 million driven by the increase in the number of employees in 2025, (iii) an increase in payables for long-term assets of RMB12.8 million relating to the construction of our new office building, and (iv) an increase in sales rebate accruals of RMB11.1 million in line with our revenue growth.

As of April 30, 2026, RMB314.0 million, or 70.1%, of our other payables and accruals as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities mainly represent advance payments from customers while the underlying goods are yet to be delivered. A majority portion of contract liabilities balance at the beginning of the year will be recognized into revenue within one year. For the years ended December 31, 2023, 2024 and 2025, the amounts of revenue recognized that were included in the contract liabilities balance at the beginning of each respective year were RMB143.2 million, RMB161.1 million and RMB101.9 million, respectively.

Our contract liabilities amounted to RMB214.1 million, RMB123.3 million and RMB305.7 million as of December 31, 2023, 2024 and 2025, respectively. The decrease from 2023 to 2024 was primarily attributable to a decline in our revenue in 2024, which resulted in lower advance payments received from customers. The increase from 2024 to 2025 was primarily due to the growth of our revenue in 2025 and an increase in advance payments from customers, particularly from customers in the Americas, reflecting higher order volumes and business expansion.

As of April 30, 2026, RMB259.7 million, or 85.0%, of our contract liabilities as of December 31, 2025 had been subsequently recognized as sales.

Financial instruments issued to investors

Our financial instruments issued to investors represent the convertible preferred shares issued to our pre-[**REDACTED**] investors, which are classified as current liabilities and measured at fair value through profit or loss. The fair value of our financial instruments issued to investors amounted to RMB912.5 million, RMB934.1 million and RMB1,005.3 million as of December 31, 2023, 2024 and 2025, respectively.

On June 6, 2022, we entered into a share purchase agreement with, among others, each of Bateson Group and Best Select, pursuant to which Bateson Group agreed to subscribe for a total of 39,624,899 Series A Preferred Shares in our Company at a total consideration of RMB400,000,000, and Best Select agreed to subscribe for a total of 49,531,123 Series A Preferred Shares in our Company at a total consideration of RMB500,000,000, respectively. The subscriptions were fully and irrevocably settled on June 29, 2022. For details, see "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investment" in this document.

Each Series A Preferred Share will be converted into a Share at the conversion ratio of 1:1 by way of redesignation immediately prior to the completion of the [**REDACTED**].

We designated the convertible preferred shares as level 3 fair value changes of financial instruments issued to investors measured at fair value through profit or loss. Prior to the completion of the [**REDACTED**], we had used the discounted cash flow method to determine the underlying share value of our Company, and adopted equity allocation model to determine the fair value of the Series A Preferred Shares as of the date of issuance and at the end of each reporting period, with the assistance of an independent third-party valuation firm.

Key valuation assumptions used to determine the fair value of the Series A Preferred Shares were as follows:

	As of December 31, 2025
Discount rate	15.00%
Expected volatility	67.50%
Discount for lack of marketability	18.90%

The change from fair value gains to fair value losses of financial instruments issued to investors from 2023 to 2024 was primarily due to an increase in the fair value of the convertible preferred shares, while the further fair value losses from 2024 to 2025 was primarily due to further increase in the fair value of such instruments. Upon completion of the [**REDACTED**], all Series A Preferred Shares will be converted into ordinary shares, and we will no longer record any fair value changes of financial instruments issued to investors on our consolidated statements of financial position.

For details, please refer to Note 32 to the Accountants' Report in Appendix I to this document.

KEY FINANCIAL RATIOS

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

	As of/for the Year Ended December 31,		
	2023	2024	2025
Revenue:			
Revenue growth	N/A	(16.5)%	16.9%
Profitability:			
Gross profit margin(1)	26.3%	20.3%	22.5%
Net profit margin(2)	15.7%	0.4%	7.9%

	As of/for the Year Ended December 31,		
	2023	2024	2025
Rates of Return:			
Return on assets(3)	11.1%	0.3%	5.7%
Return on equity(4)	29.7%	0.6%	12.1%
Liquidity:			
Gearing ratio(5)	14.4%	13.5%	9.2%
Current ratio(6)	1.6	1.5	1.4
Quick ratio(7)	1.0	1.1	1.0

Notes:

(1) Equals gross profit divided by revenue for the year and multiplied by 100%.

(2) Equals profit for the year divided by revenue for the year and multiplied by 100%.

(3) Equals profit for the year divided by the average of total assets at the beginning and end of the year and multiplied by 100%.

(4) Equals profit for the year divided by the average of total equity at the beginning and end of the year and multiplied by 100%.

(5) Equals total debt (including bank loans and lease liabilities) divided by total equity as of the respective end date for the year.

(6) Equals total current assets divided by total current liabilities as of the respective end date for the year.

(7) Equals total current assets less inventory and divided by total current liabilities as of the respective end-date for the year.

For a detailed discussion on the historical changes of certain key financial ratios in relation to revenue and profitability, see "—Year to Year Comparison of Results of Operations" and "—Discussion of Certain Key Selected Items from Consolidated Statements of Financial Position."

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements principally from cash generated from operating activities. As of December 31, 2023, 2024 and 2025, our cash and cash equivalents were RMB1,450.0 million, RMB1,667.9 million and RMB2,284.4 million, respectively. Our cash and cash equivalents primarily consist of cash at bank and on hand.

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

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Operating cash flows before changes in working capital	817,948	369,385	762,638
Changes in working capital	(315,590)	687,481	623,410
Cash generated from operations	502,358	1,056,866	1,386,048
Income taxes paid	(334,562)	(76,069)	(63,446)
Income tax refunded	25,272	81,488	58,681
Net cash from operating activities	193,068	1,062,285	1,381,283
Net cash used in investing activities	(160,534)	(760,712)	(661,229)
Net cash from/(used in) financing activities	15,613	(116,302)	(100,367)
Net increase in cash and cash equivalents	**48,147**	**185,271**	**619,687**
Effect of foreign exchange rate changes, net	66,689	32,637	(3,231)

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Cash and cash equivalents at beginning of year	1,335,169	1,450,005	1,667,913
Cash and cash equivalents at end of year	**1,450,005**	**1,667,913**	**2,284,369**

Operating Activities

In 2025, our net cash generated from operating activities was RMB1,381.3 million, which was primarily attributable to our profit before tax of RMB436.6 million, as adjusted for non-cash and non-operating items, primarily including (i) adding back fair value losses on financial instruments issued to investors of RMB67.4 million, (ii) depreciation of property, plant and equipment of RMB127.2 million, and (iii) provision for impairment of inventories of RMB89.0 million. Changes in working capital had a positive effect, primarily resulting from an increase in trade and notes payables of RMB442.9 million, an increase in contract liabilities of RMB182.4 million and an increase in other payables and accruals of RMB83.8 million, partially offset by an increase in inventories of RMB139.8 million, an increase in prepayments, other receivables and other assets of RMB33.4 million and an increase in trade and notes receivables of RMB25.0 million.

In 2024, our net cash generated from operating activities was RMB1,062.3 million, which was primarily attributable to our profit before tax of RMB12.5 million, as adjusted for non-cash and non-operating items, primarily including (i) deducting fair value losses on financial instruments issued to investors of RMB29.1 million, (ii) depreciation of property, plant and equipment of RMB137.3 million, (iii) provision for impairment of inventories of RMB109.3 million, and (iv) depreciation of right-of-use assets of RMB51.8 million. Changes in working capital had a significant positive effect, primarily resulting from a decrease in inventories of RMB578.8 million, an increase in trade and notes payables of RMB178.0 million, a decrease in trade and notes receivables of RMB197.2 million and a decrease in prepayments, other receivables and other assets of RMB34.3 million, partially offset by a decrease in other payables and accruals of RMB138.8 million, a decrease in contract liabilities of RMB90.8 million and an increase in restricted cash of RMB25.4 million.

In 2023, our net cash generated from operating activities was RMB193.1 million, which was primarily attributable to our profit before tax of RMB915.6 million, as adjusted for non-cash and non-operating items, primarily including (i) deducting fair value gains on financial instruments issued to investors of RMB361.9 million, (ii) provision for impairment of inventories of RMB151.9 million, (iii) deducting exchange gains of RMB66.7 million, and (iv) depreciation of property, plant and equipment of RMB75.0 million. Changes in working capital had a negative effect overall, primarily resulting from a decrease in trade and notes payables of RMB2,056.0 million, partially offset by a decrease in restricted cash of RMB483.9 million, an increase in other payables and accruals of RMB198.8 million and a decrease in trade and notes receivables of RMB415.4 million.

Investing Activities

In 2025, our net cash used in investing activities was RMB661.2 million, primarily attributable to (i) cash paid for financial assets at FVTPL of RMB3,093.8 million, (ii) placement in time deposits of RMB784.7 million, and (iii) payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB164.1 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB3,037.2 million, (ii) interest received of RMB12.1 million, and (iii) proceeds from financial liabilities at FVTPL of RMB31.5 million.

In 2024, our net cash used in investing activities was RMB760.7 million, primarily attributable to (i) cash paid for financial assets at FVTPL of RMB1,560.5 million, (ii) placement in time deposits of RMB349.7 million, (iii) payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB284.2 million, and (iv) acquisition of non-controlling interests of RMB57.4 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB1,438.6 million, (ii) interest received of RMB6.0 million, and (iii) proceeds from sale of property, plant and equipment of RMB9.3 million.

In 2023, our net cash used in investing activities was RMB160.5 million, primarily attributable to (i) payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB438.0 million, (ii) cash paid for financial assets at FVTPL of RMB200.0 million, and (iii) placement in time deposits of RMB302.7 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB100.2 million, (ii) proceeds from sale of property, plant and equipment of RMB17.0 million, and (iii) interest received of RMB0.9 million.

Financing Activities

In 2025, our net cash used in financing activities was RMB100.4 million, primarily attributable to (i) repayment of bank borrowings of RMB210.0 million, (ii) capital element of lease rentals paid of RMB44.9 million, and (iii) interest paid of RMB5.2 million, partially offset by proceeds from bank borrowings of RMB158.3 million.

In 2024, our net cash used in financing activities was RMB116.3 million, primarily attributable to (i) dividend paid to owners of the Company of RMB99.3 million, (ii) repayment of bank borrowings of RMB50.0 million, and (iii) capital element of lease rentals paid of RMB53.9 million, partially offset by proceeds from bank borrowings of RMB99.7 million.

In 2023, our net cash generated from financing activities was RMB15.6 million, primarily attributable to proceeds from bank borrowings of RMB297.6 million, partially offset by (i) repayment of bank borrowings of RMB212.5 million, and (ii) capital element of lease rentals paid of RMB59.9 million.

WORKING CAPITAL SUFFICIENCY STATEMENT

Taking into account cash and cash equivalents on hand, our operating cash flows, the available bank facilities and the estimated net [**REDACTED**] available to us from the [**REDACTED**], our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

Our future cash requirements will depend on many factors, including our operating income, capital expenditures on property, plant and equipment and intangible assets, market acceptance of our products or other changing business conditions and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to issue debt securities or borrow from lending institutions. See "Risk Factors—Risks Relating to Our Business and Industry—We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms."

INDEBTEDNESS

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Borrowings (current)	150,150	200,175	283,168	198,867
Borrowings (non-current)	135,086	134,817	–	18,953
Lease liabilities (current)	50,521	47,976	24,292	20,782
Lease liabilities (non-current)	131,615	52,475	24,804	16,576
Financial instruments issued to investors (current)	912,511	934,059	1,005,256	1,007,538
Total	**1,379,883**	**1,369,502**	**1,337,520**	**1,262,716**

Borrowings

The table below sets forth our loans and borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current				
Bank borrowings				
– unsecured and guaranteed	15,115	15,095	112,561	112,555
– secured and guaranteed	35,035	85,080	70,607	52,632
– secured and unguaranteed	100,000	100,000	60,000	–
– unsecured and unguaranteed	–	–	40,000	33,680
	150,150	200,175	283,168	198,867
Non-current				
Bank borrowings				
– unsecured and guaranteed	127,500	112,500	–	–
– secured and guaranteed	7,586	22,317	–	18,953
	285,236	334,992	283,168	217,820

We obtained the interest rates on our bank borrowings ranging between 1.26% and 3.85% in 2023, 0.72% and 2.60% in 2024 and further to 0.88% and 2.40% in 2025. As of December 31, 2023, bank borrowings of approximately RMB142.6 million were guaranteed by certain subsidiaries of the Group. Bank borrowings of approximately RMB42.6 million were guaranteed by certain subsidiaries of the Group and collateralized by a mortgage of certain right-of-use assets of approximately RMB46.0 million. As of December 31, 2024, bank borrowings of approximately RMB127.6 million were guaranteed by certain subsidiaries of the Group. Bank borrowings of approximately RMB107.4 million were guaranteed by certain subsidiaries of the Group and collateralized by a mortgage of certain right-of-use assets of approximately RMB44.4 million. As of December 31, 2025, bank borrowings of approximately RMB112.6 million were guaranteed by certain subsidiaries of the Group. Bank borrowings of approximately RMB70.6 million were guaranteed by certain subsidiaries of the Group and collateralized by a mortgage of certain right-of-use assets of approximately RMB42.8 million. As of December 31, 2023, 2024 and 2025, the Group had unguaranteed bank borrowings amounting to RMB100.0 million, RMB100.0 million and RMB60.0 million pledged by certain time deposits. As of April 30, 2026, our total unutilized banking facility was RMB957.7 million. Our Directors confirm that there was no delay or default in the repayment of borrowings during the Track Record Period. Our Directors also confirm that they are not aware of any breach of any of the covenants contained in our bank loan arrangements and other borrowing arrangements or any event of default during the Track Record Period and up to the Latest Practicable Date, nor are they aware of any restrictions that will limit our ability to drawdown on our unutilized facilities.

Lease Liabilities

Our lease liabilities amounted to RMB182.1 million, RMB100.5 million, RMB49.1 million and RMB37.4 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively. The decrease during the Track Record Period was primarily attributable to the early termination and reduction of certain leases of our plants and offices. For further information regarding our lease liabilities, see Note 27 and Note 36(b) of the Accountants' Report in Appendix I.

Except as discussed above, 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 notes), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured as of April 30, 2026. After due and careful consideration, our Directors confirm that, since April 30, 2026 and up to the Latest Practicable Date, there has been no material change in our indebtedness.

Financial Instruments Issued to Investors

Our financial instruments issued to investors represent the convertible preferred shares issued to our pre-[**REDACTED**] investors. Our financial instruments issued to investors amounted to RMB912.5 million, RMB934.1 million, RMB1,005.3 million and RMB1,007.5 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively. For further information regarding our financial instruments issued to investors, see Note 32 of the Accountants' Report in Appendix I.

Contingent Liabilities or Guarantees

As of the Latest Practicable Date, we did not have any material contingent liabilities or guarantees.

CAPITAL EXPENDITURES

Our capital expenditures are primarily incurred for purchase of property, plant and equipment, intangible assets and other non-current assets. The table below sets forth our capital expenditures for the years indicated:

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payment for the purchase of property, plant and equipment, intangible assets and other non-current assets	437,975	284,232	164,099

We expect that our capital expenditures in 2026 will primarily consist of (i) investment in equipment in connection with our relocation to our new headquarters in Shenzhen, and (ii) construction of a new manufacturing facility in Vietnam. We intend to fund our future capital expenditures with our existing cash balance, cash generated from operating activities and [**REDACTED**] from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" for more details. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs.

CONTRACTUAL OBLIGATIONS

Capital Commitments

Our capital commitments during the Track Record Period primarily related to capital expenditure in respect of the acquisition of property, plant and equipment contracted for. As of December 31, 2023, 2024 and 2025, the total amount of our capital expenditure contracted for but not yet provided was RMB390.2 million, RMB271.9 million and RMB137.7 million, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or R&D services with us.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with our related parties. These transactions primarily include but are not limited to (i) compensation to our key personnel, (ii) guarantees provided by our subsidiaries with respect to certain banking facilities, (iii) sale of our products to our associates, (iv) purchase of goods from our associates, and (v) rental expenses paid to an associate.

Our Directors confirm that our related party transactions did not cause any distortion of our results of operations or make our historical results not reflective in the Track Record Period. For a discussion of our related party transactions, see Note 41 of the Accountants' Report in Appendix I.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks including credit risk, liquidity risk, interest rate risk, foreign currency risk and price risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details of the risks to which we are exposed, see Note 36 of the Accountants' Report in Appendix I.

Foreign Currency Risk

We are exposed to foreign currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily U.S. dollar, Euros, British pound and Hong Kong dollar. Since 2024, we have entered into forward currency contracts and foreign currency option contracts with banks to mitigate the currency risk arising from certain of our receivables denominated in USD and EUR.

Interest Rate Risk

Our interest rate risk arises primarily from our bank deposits, borrowings and lease liabilities. We are exposed to cash flow interest rate risk from variable-rate bank deposits and bank borrowings and fair value interest rate risk from fixed-rate bank deposits and lease liabilities. We do not use financial derivatives to hedge against the interest rate risk.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables and other receivables. Our exposure to credit risk arising from cash and cash equivalents, time deposits, restricted bank deposits, transferable large denomination certificates of deposits and notes receivables at amortized cost and FVTOCI are limited because the counterparties are state-owned banks and other large or medium sized financial institutions, for which we consider to have low credit risk. We do not provide any guarantees which would expose us to credit risk.

Liquidity Risk

Our policy is to regularly monitor current and expected liquidity requirements and compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and adequate committed funding from major financial institutions to meet our liquidity requirements in the short and longer term.

TRANSFER PRICING

During the Track Record Period, our intra-group transactions primarily included (i) purchase and sale of products among our subsidiaries, (ii) provision of processing and assembly services by certain manufacturing subsidiaries to our operating subsidiaries in China, (iii) provision of sales support and marketing services by our PRC subsidiaries to overseas distribution subsidiaries, (iv) provision of after-sales services by overseas subsidiaries in their local markets, (v) purchase of software from PRC subsidiaries for integration with our hardware products and for product application development, (vi) provision of operational support services among subsidiaries and (vii) labour dispatch among PRC subsidiaries.

Our subsidiaries in China have engaged a professional firm to prepare the transfer pricing documentation pursuant to the relevant PRC regulation requirements, including the Announcement on Matters Concerning the Improvement of the Administration of Related Party Declaration and Contemporaneous Documentation (Announcement [2016] No. 42) issued by the State Taxation Administration. We have conducted the transfer pricing review and benchmarking analysis, which mainly involves the following steps: (i) preparing functional analyses for relevant entities; (ii) assessing the appropriateness of various generally accepted transfer pricing methods with respect to the intra-group transactions; (iii) performing benchmarking study and searching for comparable data to establish the comparable profit ranges; and (iv) applying the most appropriate transfer pricing method to the intra-group transactions and reviewing our transfer pricing outcomes.

As of the Latest Practicable Date, we have not entered into any advance pricing arrangements, and there are no tax rulings involving income allocation between jurisdictions. During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any investigation or subject to any penalty in relation to our transfer pricing practice. In light of the above, our Directors are of the view that our Group did not have material transfer pricing exposure and risks during the Track Record Period.

DIVIDENDS

We may distribute dividends by way of cash or by other means that we consider appropriate. Subject to the Cayman Companies Act and the Articles of Association, our Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorize payment of the dividends or other distributions out of the funds of our Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realized or unrealized profits of our Company, out of the share premium account or as otherwise permitted by law, provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. The Directors may from time to time pay to the members of our Company such interim dividends as they appear to the Directors to be justified by the profits of our Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit. The amount of dividends actually declared and paid will also depend upon our earnings and cash flow, financial condition, capital requirements, investment requirements and any other conditions our Directors may deem relevant. Our future declarations of dividends may or may not reflect our historical declarations of dividends. In addition, our Directors may reassess our dividend policy in the future.

We are a holding company incorporated in the Cayman Islands. Our ability to pay dividends depends, in part, on the payment of dividends to us by our subsidiaries in China. In particular, each of our PRC subsidiaries may pay dividends only out of its accumulated distributable profits, if any, determined in accordance with its articles of association, and the accounting standards and regulations in China. Moreover, pursuant to relevant PRC laws and regulations applicable to our subsidiaries in China, each of our PRC subsidiaries is required to set aside a certain amount of its accumulated after tax profits each year, if any, to fund statutory reserves. These reserves may not be distributed as cash dividends. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our or their ability to pay dividends or make other payments to our Shareholders or to us.

During the year ended December 31, 2023, we declared a dividend of US$15.0 million (equivalent to approximately RMB106.2 million), which had been settled by us during the year ended December 31, 2024. No dividends were declared or paid during the years ended December 31, 2024 and 2025. For further information regarding dividends, see Note 34(c) of the Accountants' Report in Appendix I.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the reserves of our Company available for distribution to shareholders, subject to the Cayman Companies Act, amounted to approximately RMB646.9 million, comprising capital reserve less accumulated losses.

[REDACTED] EXPENSES

The total estimated [**REDACTED**] expenses to be borne by us in relation to the [**REDACTED**] is approximately HK$[**REDACTED**] (including [**REDACTED**] commission, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), which represents approximately [**REDACTED**]% of the total gross [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**]. Out of the total [**REDACTED**] expenses, approximately HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the completion of the [**REDACTED**], and the remaining amount of approximately HK$[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss. These [**REDACTED**] expenses mainly comprise approximately HK$[**REDACTED**] of professional fees, approximately HK$[**REDACTED**] of other non-[**REDACTED**]-related fees, and approximately HK$[**REDACTED**] of [**REDACTED**] and other [**REDACTED**]-related fees.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is set out below for the purpose of illustrating the effect of the [**REDACTED**] on the consolidated net tangible assets of our Group attributable to equity shareholders of our Company as if it had taken place on December 31, 2025.

This unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the [**REDACTED**] been completed as of December 31, 2025 or at any future dates. See Appendix II to this document for details.

	Consolidated net tangible assets of the Group attributable to owners of our Company as of December 31, 2025	Estimated impact upon termination of financial instruments issued to investors	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of our Company	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of our Company per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HKD*
Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	[3,569,888]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	[3,569,888]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 which would materially affect the information as set out in the Accountants' Report included 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 was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.