

FINANCIAL INFORMATION

You should read the following discussion and analysis with our consolidated financial statements, included in the Accountants’ Report (including the notes thereto) in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. 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. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed “Risk Factors” and “Business.”

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years, and references to 5M2025 and 5M2026 refer to the five months ended May 31, 2025 and 2026, respectively. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a technology-driven provider of electric control solutions primarily engineered for NEVs. Based on proactive and precise grasp of industry trends, we have built a tiered solution portfolio that encompasses power modules, motor controllers and PEBB. Unlike standalone power modules or motor controllers offered by traditional providers, our portfolio enables customers to select solutions with the appropriate level of system integration based on vehicle design, cost targets and engineering requirements.

BASIS OF PREPARATION

For ordinary shares issued to Pre-[REDACTED] Investors, pursuant to the supplemental agreements entered into between the Company and the Pre-[REDACTED] Investors in relation to redemption rights granted by the Company, which are void ab initio as described in Note 35 of Appendix I to this Document, having taken into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods. For the details of financial impacts, see Note 35 of Appendix I to this Document.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been adopted by us in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for debt investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value. See Note 2.1 of Appendix I to this Document.

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MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by a number of factors, some of which are outside of our control. These factors include, but are not limited to, the following.

Specific Factors

Our Ability to Enhance R&D Capabilities and Offer Products

Our business, financial condition, results of operations and competitive position depend on our ability to develop high-performance electric drive system solutions — including power modules, motor controllers and PEBB — that meet evolving market demands, customer requirements and regulatory standards.

Our ability to develop new technologies, design new products and update existing products is critical to our business growth. We focus on foundational technologies in power electronics, control software and system integration, with a clear emphasis on translating technical capabilities into mass-production products and practical customer applications. Backed by products powered by proprietary technologies, our revenue increased significantly from RMB159.8 million in 2023 to RMB1,159.0 million in 2024, and further increased to RMB2,000.2 million in 2025. Our revenue also increased from RMB551.6 million in the five months ended May 31, 2025 to RMB956.0 million in the five months ended May 31, 2026. We expect to continue to make substantial R&D investments to keep us at the forefront of the technological trends, which enhances the competitiveness of our products. Our R&D expenses, amounted to RMB126.5 million, RMB205.7 million, RMB205.8 million, RMB81.7 million and RMB95.1 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively, representing 79.1%, 17.7%, 10.3%, 14.8% and 9.9% of our total revenue in the same years/periods, respectively. The continued commercialization of prior R&D investments, together with improved efficiency from economies of scale and process optimization, has enabled us to control R&D expenses as a percentage of revenue. Additionally, we believe that our ability to attract and retain a strong R&D team with relevant expertise and commercial acumen is fundamental to our long-term competitiveness. Our long-term success depends on our ability to enhance R&D capabilities and efficiently commercialize development outcomes.

Our Ability to Manage Costs and Improve Operational Efficiency

While we value and encourage spending on innovation, our future profitability depends in part on our ability to control costs and improve operational efficiency. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our cost of sales amounted to RMB173.2 million, RMB1,144.2 million, RMB1,888.3 million, RMB546.0 million and RMB869.6 million, respectively, representing 108.3%, 98.7%, 94.4%, 99.0% and 91.0% of our total revenue in the same years/periods, respectively. As production scaled up in 2024, economies of scale, enhanced manufacturing capabilities and greater supply-chain flexibility reduced unit manufacturing costs and procurement prices and improved operational efficiency. We continue to strengthen supplier collaboration and partner with contract manufacturers to support mass production while managing capital expenditure. In addition, in connection with our efforts to rapidly develop and commercialize products, we incurred substantial costs in R&D, sales activities and internal management. Our operating expenses, which consist of administrative expenses, selling and distribution expenses, and R&D expenses, amounted to RMB238.8 million, RMB354.7 million, RMB412.6 million, RMB159.1 million and RMB201.1 million in 2023, 2024, 2025 and five months ended May 31, 2025 and 2026, respectively, representing 149.4%, 30.6%, 20.6%, 28.8% and 21.0% of our total revenue in the same years/periods, respectively. Our continued improvements in operating efficiency and economies of scale resulted in a decline in operating expenses as a percentage of revenue. We continue to streamline R&D processes, shorten time-to-market of products and closely monitor administrative efficiency, and expect further scale-driven

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improvements to reduce costs and operating expenses as a percentage of revenue as production and sales expand. Our ability to control cost of sales as we scale up has affected and will continue to affect our results of operations and financial condition.

Our Ability to Manage and Expand Our Production Capacity Efficiently

Stable and scalable production capacity is a cornerstone of our success. During the Track Record Period, our steady expansion of production capacity, coupled with our continuous refinement of production processes, has been instrumental in driving our rapid growth.

As product commercialization progresses and customer demand increases, we expect production utilization to rise and plan to expand capacity in a prudent and efficient manner. As production expansion involves substantial capital investment and ongoing costs, our profitability depends in part on our ability to effectively manage capacity utilization as we scale up production. The utilization rate of our production bases amounted to 37.3%, 68.3%, 76.3% and 67.8% in 2023, 2024, 2025 and the five months ended May 31, 2026. During the Track Record Period, as our production activities expanded and production volume increased, we saw an increasing trend in capital expenditure on property, plant and equipment as well as depreciation of property, plant and equipment. Our property, plant and equipment increased by 174.9% from RMB143.8 million as of December 31, 2023 to RMB395.3 million as of December 31, 2024, increased by 88.4% to RMB744.8 million as of December 31, 2025 and increased by 21.9% to RMB907.8 million as of May 31, 2026. In the future, the property and equipment as well as our depreciation of property and equipment may continue to increase as we may further expand our production capacity. Additionally, we have equipped our production bases with advanced facilities and continuously optimized production processes to enhance product quality, cost efficiency and production efficiency. We plan to prudently and efficiently expand production capacity to meet evolving customer demand.

Our Supply Chain Management

A stable and resilient supply chain underpins our operations. During the Track Record Period, standardized procurement, diversified sourcing and disciplined inventory management supported reliable supply and business growth. As our business expands, we mitigate supply risks through multiple qualified suppliers, ongoing supplier performance assessment and, where appropriate, long-term supply arrangements. We also maintain effective warehouse and inventory controls to minimize supply disruptions and obsolescence. As of December 31, 2023, 2024, 2025 and May 31, 2026, our inventories were RMB191.0 million, RMB470.5 million, RMB562.2 million and RMB727.5 million, respectively. During the Track Record Period, we did not experience any material shortages, obsolescence, or losses due to inventory damage, loss, or theft, nor any material claims arising from such events.

General Factors

Our business and results of operations are impacted by general factors affecting the electric control industry, including (i) overall economic growth in China and major international markets; (ii) growth and competitive environment of the electric control industry; (iii) conditions of the downstream markets of the electric control industry and the resulting fluctuations in customer demand; and (iv) relevant laws and regulations, governmental policies and initiatives affecting the electric control industry.

Unfavorable changes in any of these factors could negatively affect the demand for our products and materially and adversely affect our results of operations. Please also see “Industry Overview” and “Regulatory Overview” in this Document.

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CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. Our material accounting policies, judgments and estimates, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 of Appendix I to this Document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Revenue	159,836	1,158,952	2,000,214	551,593	956,038
Cost of sales	(173,178)	(1,144,209)	(1,888,340)	(545,958)	(869,554)
Gross (loss)/profit	(13,342)	14,743	111,874	5,635	86,484
Other income and gains	23,839	30,511	29,566	6,636	17,439
Selling and distribution expenses	(11,574)	(14,385)	(21,906)	(8,336)	(10,873)
Administrative expenses	(100,724)	(134,566)	(184,890)	(69,109)	(95,123)
Research and development expenses	(126,477)	(205,699)	(205,827)	(81,687)	(95,062)
Impairment (losses)/reversals on financial and contract assets, net	(2,739)	(7,966)	(4,994)	4,004	587
Other expenses	(707)	(1,169)	(2,029)	(274)	(1,634)
Finance costs	(5,456)	(16,484)	(52,800)	(16,936)	(29,344)
Loss before tax	(237,180)	(335,015)	(331,006)	(160,067)	(127,526)
Income tax expense	—	—	—	—	—
Loss for the year/period	(237,180)	(335,015)	(331,006)	(160,067)	(127,526)

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Non-IFRS Measures

In order to supplement our consolidated statement of profit or loss and other comprehensive income, which is presented in accordance with IFRS Accounting Standards, we use adjusted net loss for the year/period (non-IFRS measure), EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure), adjusted by [REDACTED] expense and share-based payments, as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards to evaluate our operating performance.

We believe that these non-IFRS measures help identify underlying trends in our business and provide useful information for investors and others to understand and evaluate our results of operations. However, adjusted net loss for the year/period (non-IFRS measure), EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) have material limitations as analytical tools. When assessing our operating and financial performance, you should not consider these non-IFRS measures in isolation from or as substitutes for financial performance metrics that are calculated in accordance with IFRS Accounting Standards. The terms “adjusted net loss for the year/period (non-IFRS measure)”, “EBITDA (non-IFRS measure)” and “adjusted EBITDA (non-IFRS measure)” are not defined under IFRS Accounting Standards and may not be comparable to other similarly named measures used by other companies.

We define adjusted net loss for the year/period (non-IFRS measure) as loss for the year adjusted by [REDACTED] expenses and share-based payments. [REDACTED] expenses primarily include professional fees incurred in connection with the [REDACTED] and the [REDACTED]. We define EBITDA (non-IFRS measure) as loss for the year adjusted for (i) depreciation of property, plant and equipment, (ii) depreciation of right-of-use assets, (iii) amortisation of intangible assets, (iv) finance costs, (v) bank interest income and (vi) income tax expense. We define adjusted EBITDA (non-IFRS measure) as EBITDA (non-IFRS measure) adjusted by [REDACTED] expenses and share-based payments.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss for the year/period	(237,180)	(335,015)	(331,006)	(160,067)	(127,526)
Adjusted for:					
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share-based payments ⁽¹⁾	28,627	27,821	26,954	11,044	18,222
Adjusted net loss for the year/period (non-IFRS measure) .	(208,553)	(307,194)	(295,887)	(149,023)	(98,296)
Loss for the year/period	(237,180)	(335,015)	(331,006)	(160,067)	(127,526)
Adjusted for:					
Depreciation of property, plant and equipment	21,386	41,041	72,382	25,399	38,092
Depreciation of right-of-use assets . .	6,863	9,284	10,747	4,387	6,755
Amortisation of intangible assets . . .	3,371	3,685	3,327	1,320	1,458
Finance costs	5,456	16,484	52,800	16,936	29,344
Bank interest income	(1,461)	(2,696)	(2,154)	(794)	(1,092)
Income tax expense	—	—	—	—	—
EBITDA (non-IFRS measure)	(201,565)	(267,217)	(193,904)	(112,819)	(52,969)

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	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Adjusted for:					
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share-based payments ⁽¹⁾	28,627	27,821	26,954	11,044	18,222
Adjusted EBITDA					
(non-IFRS measure)	<u>(172,938)</u>	<u>(239,396)</u>	<u>(158,785)</u>	<u>(101,775)</u>	<u>(23,739)</u>

Notes:

- (1) Share-based payments represent the non-cash expenses in relation to our share award to certain employees.

Revenue

We had revenue of RMB159.8 million, RMB1,159.0 million, RMB2,000.2 million, RMB551.6 million and RMB956.0 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. During the Track Record Period, we generated revenue from the sales of (i) motor controllers, (ii) PEBB, (iii) power modules and (iv) research and development services and others. During the Track Record Period, we derived a majority of our revenue from sales of motor controllers.

During the Track Record Period, the revenue contribution from our PEBB increased steadily, rising from approximately 6.0% in 2023 to 15.4% in 2024 and further to 17.3% in 2025. For the five months ended May 31, its contribution continued to grow, increasing from 12.5% in 2025 to 17.3% in 2026. The revenue contribution from power modules rose from approximately 0.3% in 2023 to 0.4% in 2024 and to 3.5% in 2025. However, for the five months ended May 31, it decreased from 4.8% in 2025 to 1.4% in 2026.

For PEBB, the increase during the Track Record Period was primarily driven by (i) strong customer demand for highly integrated and standardized electric control solutions amid the industry’s ongoing shift toward multi-in-one systems, where PEBB provides superior cost efficiency, ease of assembly and reusability; (ii) our early-mover advantage in the PEBB segment since achieving mass production in 2021, which enabled us to secure design wins through comprehensive strengths in technology, solution offering, pricing, quality and service; and (iii) the establishment of in-house PEBB production capacity in October 2024, which significantly improved supply stability and delivery lead time. For the five months ended May 31, 2026, our PEBB production capacity was 314,000 packs, with capacity utilization of 65.4%. Consequently, revenue from PEBB grew significantly during the Track Record Period, with its contribution to our total revenue continuing to increase and far outpacing our overall revenue growth. We expect PEBB to remain an important growth driver in the foreseeable future, supported by further capacity expansion and utilization improvement, deeper penetration of PEBB into additional vehicle models and non-automotive applications (such as robotics), and the sustained industry trend toward higher integration in electric control systems.

For power modules, the increase from 2023 to 2025 was driven by a different yet complementary logic: (i) the overall industry growth in demand for highly integrated electric control solutions, which led certain OEMs and suppliers who possess their own system integration capabilities but lack in-house power module expertise and production capabilities to procure our power modules for their systems; and (ii) our expanding independent external sales to these customers, based on their recognition of our technological capabilities and product quality. This reflects our flexible business model that caters to varying customer needs across the value chain. We established in-house power module production capacity in June 2024. As a result, our power

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module production capacity increased from 171,000 packs in 2024 to 195,000 packs in 2025, with capacity utilization rising from 40.3% to 73.9%, supporting shipment growth from 6,608 packs to 106,152 packs. From the five months ended May 31, 2025 to the five months ended May 31, 2026, the decrease of the revenue contribution from power modules was due to the industry trend toward integrated motor controller and PEBB solutions, which drove the expansion of our own motor controller and PEBB businesses, resulting in increased internal consumption of power modules and a corresponding decrease in external sales of standalone power modules.

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

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Motor controllers	138,176	86.5	956,539	82.5	1,519,596	76.0	428,936	77.8	776,005	81.1
PEBB	9,661	6.0	178,885	15.4	346,695	17.3	68,827	12.5	165,278	17.3
Power modules	448	0.3	4,310	0.4	69,142	3.5	26,543	4.8	13,151	1.4
R&D services and others ⁽¹⁾	11,551	7.2	19,218	1.7	64,781	3.2	27,287	4.9	1,604	0.2
Total	159,836	100.0	1,158,952	100.0	2,000,214	100.0	551,593	100.0	956,038	100.0

Note:

- (1) We provide certain R&D services at customers' requests to develop, test and validate electric control solutions that meet customers' specific requirements. Our services mainly include customized development, design verification and product validation, development of related components, tooling and molds, and provision of sample units.

Cost of Sales

We had cost of sales of RMB173.2 million, RMB1,144.2 million, RMB1,888.3 million, RMB546.0 million and RMB869.6 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. During the Track Record Period, our cost of sales primarily consisted of (i) material costs, mainly representing costs for purchasing power chips, electronic components, structural components and other materials; (ii) staff costs; and (iii) manufacturing costs. The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Material costs	135,691	78.4	976,918	85.4	1,642,912	87.1	448,970	82.2	772,957	88.9
Staff costs	9,034	5.2	38,937	3.4	88,832	4.7	27,710	5.1	29,813	3.4
Manufacturing costs . . .	17,564	10.1	82,953	7.2	138,660	7.3	58,832	10.8	54,648	6.3
Impairment losses on inventories, net	10,889	6.3	45,401	4.0	17,936	0.9	10,446	1.9	12,136	1.4
Total	173,178	100.0	1,144,209	100.0	1,888,340	100.0	545,958	100.0	869,554	100.0

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Gross Profit/Loss and Gross Profit/Loss Margin

We had recorded gross loss of RMB13.3 million in 2023, and then recorded gross profit of RMB14.7 million in 2024, RMB111.9 million in 2025, RMB5.6 million in the five months ended May 31, 2025 and RMB86.5 million in the five months ended May 31, 2026. We recorded a gross loss margin of 8.3% in 2023, and then recorded gross profit margin of 1.3% in 2024, 5.6% in 2025, 1.0% in the five months ended May 31, 2025 and 9.0% in the five months ended May 31, 2026.

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

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin	Gross profit/(loss)	Gross profit/(loss) margin
		%		%		%		%		%
(RMB in thousands, except for percentages)										
(unaudited)										
Motor Controller . . .	(16,452)	(11.9)	(13,630)	(1.4)	37,183	2.4	(18,730)	(4.4)	65,899	8.5
PEBB	3,286	34.0	22,888	12.8	31,419	9.1	8,171	11.9	16,467	10.0
Power Modules	15	3.3	160	3.7	10,908	15.8	1,383	5.2	3,448	26.2
R&D services and others ⁽¹⁾	(191)	(1.7)	5,325	27.7	32,364	50.0	14,811	54.3	670	41.8
Total	(13,342)	(8.3)	14,743	1.3	111,874	5.6	5,635	1.0	86,484	9.0

Notes:

- (1) We provide certain R&D services at customers’ request to develop, test and validate electric control solutions that meet customers’ specific requirements. Our services mainly include customized development, design verification and product validation, development of related components, tooling and molds, and provision of sample units.

During the Track Record Period, our gross profit margins varied significantly across product lines, primarily due to differences in commercial positioning, industry competition, cost composition and stage of scale-up. Our motor controllers recorded the lowest gross margins during the earlier years of the Track Record Period. As our largest-volume core product, motor controllers are mainly supplied to OEMs for mass-production vehicle programs and rely heavily on high-cost key electronic components, including automotive-grade power semiconductors, MCUs and other critical parts. During the Track Record Period, we adopted a more competitive pricing strategy to support volume growth, and margin expansion was further constrained by (i) our initial relatively small production scale that limited bargaining power with suppliers, (ii) our large initial use of imported automotive-grade chips, which then offered performance advantages, and (iii) additional manufacturing processes such as potting and packaging. As domestic automotive-grade chips improved rapidly in performance and quality in recent years and our continuous efforts in cost optimization through domestic substitution of core components, product design and enhancement of economies of scales started to take effect, motor controller gross margins improved progressively, narrowing the gap with other product lines. Our PEBB maintained relatively higher gross margins during the earlier part of the Track Record Period, benefiting from our first-mover advantage and relatively limited direct competition. As market participation increased and alternative solutions became available, PEBB margins gradually moderated. As a result, for the five months ended May 31, 2026, the gross margins of motor controllers and PEBB were at a comparable level. Our power modules recorded improving gross margins during the Track Record Period. Power modules are core components of electric control systems with a higher degree of standardization. As our technology matured and shipment volumes increased, manufacturing efficiency improved and unit costs declined. In addition, since 2024, we have progressively shifted power module production

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from outsourced manufacturing to in-house production, which optimized our cost structure and supported margin improvement. In particular, the gross profit margin of our power modules increased significantly from 5.2% for the five months ended May 31, 2025 to 26.2% for the five months ended May 31, 2026, primarily driven by a shift in product mix toward higher-margin products, together with the continued cost benefits from our in-house production transition. Margin fluctuations were also affected by changes in the proportion of internal use versus external sales. Gross margins for our R&D services and other businesses were relatively high but more volatile, as such services are customized in nature, less dependent on material costs and capacity utilization, and vary by project. Overall, differences in business model, cost composition and scale-up stage across our product lines resulted in the observed divergence in gross profit margins during the Track Record Period.

Other Income and Gains

We had other income and gains of RMB23.8 million, RMB30.5 million, RMB29.6 million, RMB6.6 million and RMB17.4 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. During the Track Record Period, our other income and gains primarily consisted of (i) bank interest income from our bank deposits, (ii) government grants, (iii) investment income from financial assets at fair value through profit or loss, derived from wealth management products, (iv) fair value gains on financial assets at investments in equity instruments, primarily related to fair value gains on our unlisted equity investments and (v) exchange gains.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Other income										
Bank interest income	1,461	6.1	2,696	8.8	2,154	7.3	794	12.0	1,092	6.3
Government grants	17,686	74.2	15,923	52.2	14,731	49.8	3,998	60.2	12,024	69.0
Total other income	19,147	80.3	18,619	61.0	16,885	57.1	4,792	72.2	13,116	75.3
Other gains										
Investment income from financial assets at										
fair value through profit or loss	1,070	4.5	947	3.1	3,245	11.0	–	0.0	3,095	17.7
Fair value gains on financial assets at										
investments in equity instruments	1,225	5.1	8,097	26.5	5,656	19.1	–	0.0	–	0.0
Exchange gains	576	2.4	1,152	3.8	1,556	5.3	835	12.6	–	0.0
Others	1,821	7.7	1,696	5.6	2,224	7.5	1,009	15.2	1,228	7.0
Total other gains	4,692	19.7	11,892	39.0	12,681	42.9	1,844	27.8	4,323	24.7
Total other income and gains	23,839	100.0	30,511	100.0	29,566	100.0	6,636	100.0	17,439	100.0

Selling and Distribution Expenses

We had selling and distribution expenses of RMB11.6 million, RMB14.4 million, RMB21.9 million, RMB8.3 million and RMB10.9 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. During the Track Record Period, our selling and distribution expenses primarily consisted of (i) staff costs, (ii) travel expenses, and (iii) share-based payments. The following table sets forth a breakdown of our selling and distribution expenses in absolute amount and as a percentage of our total selling and distribution expenses for the years/periods indicated:

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	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Staff costs	3,355	29.0	8,252	57.4	12,451	56.8	4,934	59.2	7,417	68.2
Travel expenses	1,703	14.7	3,497	24.3	5,078	23.2	1,707	20.5	2,249	20.7
Share-based payments	5,759	49.8	1,182	8.2	1,400	6.4	539	6.4	716	6.6
Others	757	6.5	1,454	10.1	2,976	13.6	1,156	13.9	491	4.5
Total	11,574	100.0	14,385	100.0	21,906	100.0	8,336	100.0	10,873	100.0

Administrative Expenses

We had administrative expenses of RMB100.7 million, RMB134.6 million, RMB184.9 million, RMB69.1 million and RMB95.1 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs, (ii) rent, depreciation and amortisation for office buildings, (iii) legal, consulting and other professional service fees in relation to our business operations and corporate compliance, and (iv) share-based payments. The following table sets forth a breakdown of our administrative expenses by nature in absolute amount and as a percentage of our total administrative expenses for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Staff costs	56,578	56.2	74,606	55.4	104,601	56.6	43,510	63.0	47,502	49.9
Rent, depreciation and amortisation	7,156	7.1	10,627	7.9	16,206	8.8	6,414	9.3	9,461	10.0
Legal, consulting and other professional service fees	13,658	13.6	14,129	10.5	15,926	8.6	4,635	6.7	5,532	5.8
Share-based payments	8,277	8.2	9,833	7.3	9,417	5.1	3,859	5.6	7,725	8.1
Office expenses	3,589	3.6	5,347	4.0	5,954	3.2	2,550	3.7	2,874	3.0
Travel expenses	4,179	4.1	6,042	4.5	7,152	3.9	3,089	4.5	2,759	2.9
(REDACTED) expenses	(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)	(REDACTED)
Taxes and surcharges	516	0.5	2,626	2.0	3,972	2.1	729	1.0	3,285	3.5
Others	6,771	6.7	11,356	8.4	13,497	7.3	4,323	6.2	4,977	5.2
Total	100,724	100.0	134,566	100.0	184,890	100.0	69,109	100.0	95,123	100.0

Research and Development Expenses

We had research and development expenses of RMB126.5 million, RMB205.7 million, RMB205.8 million, RMB81.7 million and RMB95.1 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. During the Track Record Period, our research and development expenses primarily consisted of (i) staff costs, (ii) rent, depreciation and amortisation, mainly representing depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets, short-term lease expenses related to our R&D activities, (iii) share-based payments, (iv) material expenses, mainly representing costs for purchasing power chips, electronic components, structural components and other materials; and (v) others, mainly including testing and inspection expenses, software licensing fees and other management expenses.

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

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Staff costs	67,269	53.2	115,983	56.5	117,613	57.2	53,920	66.0	63,739	67.0
Rent, depreciation and amortisation	11,548	9.1	11,820	5.7	14,884	7.2	4,800	5.9	6,787	7.1
Material expenses	14,243	11.3	23,495	11.4	22,609	11.0	8,089	9.9	5,950	6.3
Travel expenses	4,326	3.4	4,721	2.3	5,204	2.5	1,383	1.7	1,976	2.1
Outsourced research and development	4,130	3.3	9,727	4.7	12,200	5.9	1,961	2.4	1,692	1.8
Share-based payments	14,542	11.5	16,475	8.0	15,369	7.5	6,361	7.8	9,253	9.7
Others	10,419	8.2	23,478	11.4	17,948	8.7	5,173	6.3	5,665	6.0
Total	126,477	100.0	205,699	100.0	205,827	100.0	81,687	100.0	95,062	100.0

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

We had net impairment losses on financial and contract assets of RMB2.7 million, RMB8.0 million and RMB5.0 million in 2023, 2024 and 2025. We had net impairment reversals on financial and contract assets of RMB4.0 million and RMB0.6 million in the five months ended May 31, 2025 and 2026.

Other Expenses

We had other expenses of RMB0.7 million, RMB1.2 million, RMB2.0 million, RMB0.3 million and RMB1.6 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. Our other expenses primarily consisted of losses on disposal of non-current assets, mainly representing loss on disposal of property, plant and equipment and foreign exchange differences.

Finance Costs

Our finance costs amounted to RMB5.5 million, RMB16.5 million, RMB52.8 million, RMB16.9 million and RMB29.3 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively, mainly representing interest on bank borrowings, interest on lease liabilities and interest on liabilities to other investors.

The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Interest on bank borrowings	4,759	87.2	14,464	87.8	43,759	82.9	14,764	87.2	23,689	80.7
Interest on lease liabilities .	697	12.8	911	5.5	1,063	2.0	356	2.1	1,152	3.9
Interest on liabilities to other investors	—	—	1,915	11.6	9,729	18.4	3,567	21.0	4,503	15.4
	5,456	100.0	17,290	104.9	54,551	103.3	18,687	110.3	29,344	100.0
Interest capitalized	—	—	(806)	(4.9)	(1,751)	(3.3)	(1,751)	(10.3)	—	0.0
Total finance costs	5,456	100.0	16,484	100.0	52,800	100.0	16,936	100.0	29,344	100.0

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Income Tax Expense

We did not record any income tax expense in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026. See Note 11 to the Accountants’ Report set out in Appendix I.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities, and we were not aware of any outstanding or potential disputes with such tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended May 31, 2026 Compared with Five Months Ended May 31, 2025

Revenue

Our revenue increased by 73.3% from RMB551.6 million for the five months ended May 31, 2025 to RMB956.0 million in the five months ended May 31, 2026, primarily due to the growth in revenue from motor controllers and PEBB, partially offset by declines in power modules and R&D services and others.

Our revenue from motor controllers and PEBB increased by 80.9% and 140.1% from RMB428.9 million and RMB68.8 million for the five months ended May 31, 2025 to RMB776.0 million and RMB165.3 million for the five months ended May 31, 2026, respectively. The increase was primarily attributable to (i) the sustained growth of the NEV industry, which continued to drive stronger demand for our products, especially the strong overseas NEV demand during the period as global oil price fluctuations accelerated the shift to electric vehicles, which benefited our sales; (ii) the continued expansion of our customer project portfolio, as we secured new design wins and our previously awarded projects entered mass production, with both motor controllers and PEBB benefiting from the contribution of newly launched programs and the ongoing volume ramp-up of existing projects; and (iii) our strong technological capabilities and product competitiveness, which led to continued improvement in customer satisfaction, deeper cooperation with key customers and a steadily expanding market share.

Our revenue from power modules decreased by 50.5% from RMB26.5 million for the five months ended May 31, 2025 to RMB13.2 million for the five months ended May 31, 2026, primarily due to the industry trend toward integrated motor controller and PEBB solutions, which drove the expansion of our own motor controller and PEBB businesses, resulting in increased internal consumption of power modules and a corresponding decrease in external sales of standalone power modules.

Our revenue from R&D services and others decreased by 94.1% from RMB27.3 million for the five months ended May 31, 2025 to RMB1.6 million for the five months ended May 31, 2026, primarily because the relevant customized development projects had not yet reached the milestones for revenue recognition during the period.

Cost of Sales

Our cost of sales increased by 59.3% from RMB546.0 million for the five months ended May 31, 2025 to RMB869.6 million for the five months ended May 31, 2026 primarily due to the increased volume of components that we procured to manufacture our products in line with our business growth.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB5.6 million for the five months ended May 31, 2025 to RMB86.5 million for the five months ended May 31, 2026. Our gross profit margin increased from 1.0% for the five months ended May 31, 2025 to 9.0% for the five months ended May 31, 2026, and the trends by product type are listed as follows:

- Motor controllers: We recorded a turnaround from a gross loss margin of 4.4% for the five months ended May 31, 2025 to a gross profit margin of 8.5% for the five months ended May 31, 2026, primarily driven by (i) increased sales volume from scaled-up mass production, which enhanced economies of scale and improved the absorption of fixed manufacturing costs; (ii) a series of technical cost reduction measures, including domestic substitution of power semiconductors, and technological optimization of product design and manufacturing processes; (iii) an increase in our overseas sales of motor controllers in line with growing overseas market demand, which generally carry relatively higher gross margins, and (iv) enhanced commercial bargaining power with suppliers as our procurement scale increased, leading to lower unit procurement prices.
- Power modules: Gross profit margin increased from 5.2% for the five months ended May 31, 2025 to 26.2% for the five months ended May 31, 2026, mainly due to (i) changes in product mix, with a higher proportion of power module products with refined product design, which improved cost efficiency and the gross margin; and (ii) our continued cost optimization and enhanced cost control measures through lower procurement costs and higher yield and through put in the manufacturing process.
- PEBB: Gross profit margin decreased from 11.9% for the five months ended May 31, 2025 to 10.0% for the five months ended May 31, 2026 primarily because we commissioned additional PEBB production lines in the second half of 2025 and the first half of 2026 to support growing customer demand. During the five months ended May 31, 2026, these new lines were still in the capacity ramp-up stage, resulting in higher fixed manufacturing costs per unit as compared with the same period in 2025.

Other Income and Gains

Our other income and gains increased significantly from RMB6.6 million in the five months ended May 31, 2025 to RMB17.4 million in the five months ended May 31, 2026, primarily due to (i) the increase in government grants as a result of additional government incentives received in connection with our contribution to local economy; and (ii) the investment income from financial assets at fair value through profit or loss arising from wealth management products held during the five months ended May 31, 2026.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 30.4% from RMB8.3 million in the five months ended May 31, 2025 to RMB10.9 million in the five months ended May 31, 2026, primarily due to the increase in staff costs and travel expenses as our business volume increased and we continued to support market expansion and customer coverage.

Administrative Expenses

Our administrative expenses increased by 37.6% from RMB69.1 million for the five months ended May 31, 2025 to RMB95.1 million for the five months ended May 31, 2026, primarily due to (i) the increase in staff costs and share-based payments to support our business expansion; (ii) the increase in rent, depreciation and amortisation expenses arising from the expansion of our office premises; and (iii) the occurrence of [REDACTED] expenses.

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Research and Development Expenses

Our research and development expenses increased by 16.4% from RMB81.7 million in the five months ended May 31, 2025 to RMB95.1 million in the five months ended May 31, 2026, primarily due to (i) increased staff costs and share-based payments as a result of the expansion of our R&D team to continuously enhance our R&D capabilities and enrich our product portfolios; and (ii) increase in rent, depreciation and amortisation in relation to the establishment of our laboratory and the purchase of relevant equipment.

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

Our impairment reversals on financial and contract assets, net decreased significantly from RMB4.0 million in the five months ended May 31, 2025 to RMB0.6 million in the five months ended May 31, 2026, primarily due to a decrease in the balance of trade receivables during the period, which resulted in a lower impairment provision requirement.

Finance Costs

Our finance costs increased significantly from RMB16.9 million in the five months ended May 31, 2025 to RMB29.3 million in the five months ended May 31, 2026, primarily due to the expansion of our debt scale, as we required additional working capital for the larger operating scale.

Loss for the Period

As a result of foregoing, our loss for the period decreased by 20.3% from RMB160.1 million in the five months ended May 31, 2025 to RMB127.5 million in the five months ended May 31, 2026.

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

Revenue

Our revenue increased by 72.6% from RMB1,159.0 million in 2024 to RMB2,000.2 million in 2025 primarily due to the increase in revenue generated from sales of all types of our solutions, primarily including motor controller, PEBB, power modules, R&D services and others representing customized development projects undertaken for customers. Our revenue from motor controllers, PEBB and power modules increased by 58.9%, 93.8% and 1,504.2%, from RMB956.5 million, RMB178.9 million and RMB4.3 million in 2024 to RMB1,519.6 million, RMB346.7 million and RMB69.1 million in 2025, respectively. The significant increase in revenue across the board was primarily attributable to (i) the rapid growth of the NEV industry, which drove the overall sales growth of our customers and in turn resulted in stronger demand for our products; (ii) the continual expansion of our customer project portfolio, as we secured new design wins and our previously awarded projects entered mass production. In 2024, we secured 19 new design wins, and as of December 31, 2024, we had 32 vehicle models entering mass production. In 2025, we secured 16 new design wins, and as of December 31, 2025, we had 59 vehicle models entering mass production. The related revenue growth is typically realized progressively as the relevant vehicle programs advance into mass production and achieve volume ramp-up. As of December 31, 2025, we had secured 56 design wins with 15 OEMs, either directly or through Tier-1 suppliers. As of the same date, our solutions had been adopted in 86 vehicle models of 25 vehicle brands, of which 59 vehicle models had entered mass production; and (iii) our strong technological capabilities and product competitiveness, which led to continued improvement in customer satisfaction, deeper cooperation with key customers and a steadily expanding market share. The formation of the above competitive advantages is primarily attributable to our long-term accumulation of underlying module-level technologies, including thermal management technologies at the power module level, power and packaging integration technologies, as well as systematic product design capabilities developed around the PEBB architecture. Such technological capabilities enable us to continuously support the

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differentiated requirements of various OEMs and vehicle platforms, and to progressively convert secured design-win projects into mass-production programs covering a broader range of vehicle models, thereby supporting our sustained revenue growth. In 2025, our sales volume was 614,436 units for the motor controller, 305,477 packs for the PEBB and 106,152 pieces for the power module, all showing significant increases compared to 2024, when our sales volume was 308,619 units for the motor controller, 87,519 packs for the PEBB, and 6,608 pieces for the power module, with growth rates of 99.1%, 249.0% and 1,506.5%, respectively.

Our revenue from R&D services and others increased by 237.1% from RMB19.2 million in 2024 to RMB64.8 million in 2025, primarily due to the smooth progress of customized development projects carried out for our customers and the achievement of certain project milestones.

Cost of Sales

Our cost of sales increased by 65.0% from RMB1,144.2 million in 2024 to RMB1,888.3 million in 2025 primarily due to the increased volume of components that we procured to manufacture our products and a corresponding increase in staff and manufacturing costs, both in line with our business growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit significantly increased from RMB14.7 million in 2024 to a gross profit of RMB111.9 million in 2025. Our gross profit margin increased from 1.3% in 2024 to 5.6% in 2025, and the trends by product type can be listed as follows:

- **Motor controllers:** We recorded a turnaround from a gross loss margin of 1.4% in 2024 to a gross profit margin of 2.4% in 2025, primarily driven by (i) increased revenue from scaled-up mass production and the resulting reduced unit manufacturing cost and the improved automation efficiency across our production bases, which enhanced scale efficiencies; (ii) enhanced commercial bargaining power with suppliers, leading to lower unit procurement price, in line with our increased procurement scale; (iii) the continued improvement in the quality, technical stability, and capacity of domestic power semiconductor suppliers, which enabled us to increase domestic substitution and significantly reduce production costs; and (iv) continuous technological optimization, including streamlined system architecture and reduced design redundancy, which enabled more efficient material selection and cost-effective product designs without compromising performance. Together, these factors contributed to a meaningful improvement in our gross margin in 2025.
- **Power modules:** Gross profit margin increased from 3.7% in 2024 to 15.8% in 2025, mainly due to the same factors as above, including scale efficiencies, stronger commercial terms, increased domestic substitution of semiconductors, and raw material optimization.
- **PEBB:** Gross profit margin declined from 12.8% in 2024 to 9.1% in 2025 primarily due to the decrease of average selling price with the combined impact of product structures and increasingly competitive industry landscape. In 2025, driven by customers' customization requirements, the PEBB products sold were primarily models with relatively simpler structures and narrower functional scopes for integration into customers' self-designed powertrain systems, which lowered the overall average selling price. In addition, as the PEBB market remained at an early stage with evolving competition, an increasing number of market participants began manufacturing and supplying PEBB products, further intensifying market competition and exerting downward pressure on PEBB pricing.

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Other Income and Gains

Our other income and gains remained relatively stable at RMB30.5 million in 2024 and RMB29.6 million in 2025.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 52.3% from RMB14.4 million in 2024 to RMB21.9 million in 2025, primarily due to the increase in staff costs and travel expenses as we expanded our sales team during our market expansion stage to support business growth in response to rising market demand and broader market coverage.

Administrative Expenses

Our administrative expenses increased by 37.4% from RMB134.6 million in 2024 to RMB184.9 million in 2025, primarily due to (i) the increase in staff costs which reflected our expanded administrative team in line with our business expansion; and (ii) the increase in rent, depreciation and amortisation expenses arising from the expansion of our office premises.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB205.7 million in 2024 and RMB205.8 million in 2025.

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

Our net impairment losses on financial and contract assets decreased by 37.3% from RMB8.0 million in 2024 to RMB5.0 million in 2025, mainly due to the provision for expected credit losses of trade receivables, bills receivables and contract assets, driven by the implementation of effective collection measures that improved collection efficiency.

Finance Costs

Our finance costs significantly increased from RMB16.5 million in 2024 to RMB52.8 million in 2025, mainly due to the increase in our bank borrowings to support our business expansion, which resulted in higher interest expenses.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 1.2% from RMB335.0 million in 2024 to RMB331.0 million in 2025.

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

Revenue

Our revenue increased significantly from RMB159.8 million in 2023 to RMB1,159.0 million in 2024 primarily due to the increase in revenue generated from sales of all types of our solutions, including motor controllers, PEBB, power modules, R&D services and others.

Our revenue from motor controllers, PEBB and power modules increased by 592.3%, 1,751.6% and 862.1%, from RMB138.2 million, RMB9.7 million and RMB0.4 million in 2023 to RMB956.5 million, RMB178.9 million and RMB4.3 million in 2024, respectively. The significant increase in revenue across the board was primarily attributable to: (i) the rapid growth of the NEV industry, which drove the overall sales growth of our customers and in turn resulted in stronger demand for our solutions; (ii) the continual expansion of our customer project portfolio, as we

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secured new design wins and our previously awarded projects entered mass production; and (iii) our strong technological capabilities and product competitiveness, which led to continued improvement in customer satisfaction, deeper cooperation with key customers and a steadily expanding market share. In particular, our focus on advanced technologies, such as dual-motor controller development, coupled with our reliable product quality, responsive services and stable supply capability, enabled us to capture fast-growing opportunities in the NEV market and further consolidate our industry position. In 2024, our sales volume was 308,619 units for the motor controller, 87,519 packs for the PEBB and 6,608 pieces for power modules, all showing significant increases compared to the sales volume in 2023.

Our revenue from R&D services and others increased by 66.4% from RMB11.6 million in 2023 to RMB19.2 million in 2024, primarily due to the smooth progress of customized development projects carried out for our customers and the achievement of certain project milestones.

Cost of Sales

Our cost of sales increased significantly from RMB173.2 million in 2023 to RMB1,144.2 million in 2024 primarily due to the increased volume of components that we procured to manufacture our products and the corresponding increase in staff costs, both in line with the business growth.

Gross Profit/Loss and Gross Profit/Loss Margin

As a result of the foregoing, we recorded a gross loss of RMB13.3 million in 2023 and a gross profit of RMB14.7 million in 2024. Our gross loss margin was 8.3% in 2023, while our gross profit margin was 1.3% in 2024, primarily because we were still in the early stage of operations in 2023, while we ramped up our production, achieving stable operations and a notable rise in sales volume in 2024. During the Track Record Period, gross profit margin trends by product type were as follows:

- Motor controllers: Gross loss margin decreased from 11.9% in 2023 to 1.4% in 2024, primarily as a result of the initial realization of scale effects as production volumes increased and operations stabilized. As we continued to scale up production and progress into mass production, fixed manufacturing costs began to be absorbed over a larger output base, leading to a meaningful improvement in our cost structure and a narrowing of gross losses. In line with this transition, our gross loss position in 2024 primarily reflected stage-specific factors associated with the early phase of large-scale production which is not uncommon in this industry, according to Frost & Sullivan. We strategically adopted imported automotive-grade power semiconductors and advanced plastic-moulding packaging technologies to ensure product quality, attract more high-end customers and global projects, and support long-term market positioning, which temporarily increased material and manufacturing costs before scale efficiencies were realized. In addition, our production capacity, particularly at our Liuzhou and Wuhu production bases, was still in the ramp-up phase, with utilization and automation efficiency yet to reach optimal levels in 2024.
- Power modules: Gross profit margin remained relatively stable at 3.3% in 2023 and 3.7% in 2024.
- PEBB: Gross profit margin declined from 34.0% in 2023 to 12.8% in 2024, primarily because the results in 2023 were derived from sample stage prior to broader commercialization, which were not representative of our normalized margin profile. In 2024, the PEBB business entered the initial stage of broader commercialization, with a wider range of projects progressing into early mass production and ramp-up. Newly

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launched projects typically carried lower initial margins, while production-related costs were incurred upfront and economies of scale had not yet been fully realized, resulting in a lower overall gross profit margin.

Other Income and Gains

Our other income and gains increased by 28.0% from RMB23.8 million in 2023 to RMB30.5 million in 2024, primarily due to the increase of fair value gains on financial assets at investments in equity instruments, mainly related to fair value increase from our unlisted equity investments.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 24.3% from RMB11.6 million in 2023 to RMB14.4 million in 2024, primarily due to the increase in staff costs and travel expenses as we expanded our sales team to support business growth in response to rising market demand and broader market coverage.

Administrative Expenses

Our administrative expenses increased by 33.6% from RMB100.7 million in 2023 to RMB134.6 million in 2024, primarily due to (i) the increase in staff costs as we expanded our team to support business growth in response to rising sales volume and broader market coverage; and (ii) the increase in rent, depreciation and amortisation expenses arising from the expansion of our office premises.

Research and Development Expenses

Our research and development expenses increased by 62.6% from RMB126.5 million in 2023 to RMB205.7 million in 2024, primarily due to the further development of R&D activities, which led to increases in related costs.

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

We recorded net impairment losses on financial and contract assets of RMB2.7 million in 2023 and RMB8.0 million in 2024, mainly due to the provision for expected credit losses of trade receivables, bills receivable and contract assets.

Finance Costs

Our finance costs increased significantly from RMB5.5 million in 2023 to RMB16.5 million in 2024, mainly due to the increase in our bank borrowings to support our business expansion, which resulted in higher interest expenses.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 41.2% from RMB237.2 million in 2023 to RMB335.0 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	143,807	395,254	744,800	907,766
Right-of-use assets	37,202	39,002	71,836	73,508
Intangible assets	5,884	4,171	9,224	9,766
Debt investments at fair value through other comprehensive income	20,087	–	–	10,066
Financial assets at fair value through profit or loss	6,725	14,822	20,478	25,478
Other non-current assets	17,963	16,788	39,230	17,978
Total non-current assets	231,668	470,037	885,568	1,044,562
Current assets				
Inventories	190,982	470,469	562,187	727,461
Trade receivables	129,726	518,736	651,824	600,094
Bills receivable	324	22,008	39,897	43,904
Financial assets at fair value through other comprehensive income	10,263	141,692	347,712	320,340
Prepayments, other receivables and other assets	67,724	93,157	94,531	90,399
Contract assets	–	843	6,051	18,474
Financial assets at fair value through profit or loss	180,910	–	–	250,785
Restricted bank deposits	–	–	42,631	30,396
Cash and cash equivalents	231,334	203,847	757,603	628,416
Total current assets	811,263	1,450,752	2,502,436	2,710,269
Current liabilities				
Trade and bills payables	103,095	481,703	847,497	797,063
Other payables and accruals	61,379	121,022	239,631	212,350
Liabilities to other investors	–	91,585	158,644	163,147
Contract liabilities	5,775	31,766	71,894	90,540
Interest-bearing bank borrowings	121,817	659,700	1,135,705	1,326,823
Lease liabilities	7,844	9,400	11,889	14,126
Total current liabilities	299,910	1,395,176	2,465,260	2,604,049
Net current assets	511,353	55,576	37,176	106,220
Non-current liabilities				
Interest-bearing bank borrowings	42,066	92,746	161,675	474,093
Deferred income	7,697	18,820	43,050	63,068
Lease liabilities	10,234	10,458	42,880	45,584
Provision	799	4,377	13,038	15,740
Total non-current liabilities	60,796	126,401	260,643	598,485
Net assets	682,225	399,212	662,101	552,297
Equity				
Equity attributable to owners of the parent				
Paid-in capital/Share capital	2,942	30,000	34,703	34,703
Reserves	665,053	365,327	621,644	512,411
	667,995	395,327	656,347	547,114
Non-controlling interests	14,230	3,885	5,754	5,183
Total equity	682,225	399,212	662,101	552,297

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Property, Plant and Equipment

Our property, plant and equipment consisted of machinery, buildings, electronic devices, construction in progress and leasehold improvements. The following table sets forth a breakdown of the net book value of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	–	–	199,133	194,914
Machinery	59,518	193,605	376,953	471,766
Electronic devices	3,102	6,418	39,620	39,223
Furniture and fixtures	189	151	158	160
Motor vehicles	–	533	423	377
Construction in progress	71,434	182,893	98,683	155,325
Leasehold improvements	9,564	11,654	29,830	46,001
Total	143,807	395,254	744,800	907,766

Our property, plant and equipment increased significantly from RMB143.8 million as of December 31, 2023 to RMB395.3 million as of December 31, 2024 and increased by 88.4% from RMB395.3 million as of December 31, 2024 to RMB744.8 million as of December 31, 2025, primarily due to (i) the construction and gradual completion of our new manufacturing building and facility in Jiaxing, and (ii) the increase in machinery including newly installed production lines and tools, both in line with our business expansion. Our property, plant and equipment increased by 21.9% from RMB744.8 million as of December 31, 2025 to RMB907.8 million as of May 31, 2026, primarily due to the procurement of new production line equipment as a result of the expansion of our production scale, capacity requirements and new business development.

Right-of-use Assets

Our right-of-use assets were related to buildings and leasehold land. Our right-of-use assets increased by 4.8% from RMB37.2 million as of December 31, 2023 to RMB39.0 million as of December 31, 2024, and further increased by 84.2% to RMB71.8 million as of December 31, 2025, primarily due to the increase in buildings for our office premises, properties and plant. Our right-of-use assets remained relatively stable at RMB71.8 million as of December 31, 2025 and RMB73.5 million as of May 31, 2026.

Intangible Assets

Our intangible assets consisted of patent use rights, know-how and software. Our intangible assets decreased by 29.1% from RMB5.9 million as of December 31, 2023 to RMB4.2 million as of December 31, 2024, primarily due to the amortisation of these intangible assets. Our intangible assets significantly increased from RMB4.2 million as of December 31, 2024 to RMB9.2 million as of December 31, 2025, primarily due to the purchase of new software to support our business expansion. Our intangible assets increased by 5.9% from RMB9.2 million as of December 31, 2025 to RMB9.8 million as of May 31, 2026, primarily due to software purchases for daily R&D and production operations.

Debt Investments at Fair Value Through Other Comprehensive Income

Our debt investments at fair value through other comprehensive income amounted to RMB20.1 million, nil, nil and RMB10.1 million as of December 31, 2023, 2024, 2025 and May 31, 2026, primarily due to our purchase of negotiable certificates of deposit in 2023 and January 2026.

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Other Non-current Assets

Our other non-current assets were related to prepayment for property, plant and equipment and long-term rental deposit. Our other non-current assets decreased by 6.5% from RMB18.0 million as of December 31, 2023 to RMB16.8 million as of December 31, 2024, and then significantly increased to RMB39.2 million as of December 31, 2025, primarily due to the changes from long-term prepayments for property, plant and equipment related to manufacturing, with fluctuations mainly attributable to the construction of our factory. Our other non-current assets decreased by 54.2% from RMB39.2 million as of December 31, 2025 to RMB18.0 million as of May 31, 2026, due to the transfer of part of the prepaid infrastructure and production equipment purchases to fixed assets during the five months ended May 31, 2026.

Inventories

Our inventories primarily represented raw materials, work in progress, goods dispatched, finished goods, and contract fulfillment costs. The following table sets forth a breakdown of inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	143,106	287,834	318,611	441,539
Work in progress	219	1,064	1,545	2,215
Goods dispatched	13,949	158,508	100,408	123,557
Finished goods	37,170	53,079	122,450	116,027
Contract fulfillment costs	10,976	23,272	63,911	90,431
Subtotal	205,420	523,757	606,925	773,769
Impairment	(14,438)	(53,288)	(44,738)	(46,308)
Total	190,982	470,469	562,187	727,461

Our inventories increased by 146.3% from RMB191.0 million as of December 31, 2023 to RMB470.5 million as of December 31, 2024, and then increased by 19.5% to RMB562.2 million as of December 31, 2025, as we built up inventory to meet anticipated sales order demand, especially raw materials, which is in line with our business expansion. Among our inventories, goods dispatched and finished goods primarily represent products customized in accordance with agreed customer requirements for specific projects, with the timing of customer acceptance and collection determined by customers' operational needs. Our inventories increased by 29.4% from RMB562.2 million as of December 31, 2025 to RMB727.5 million as of May 31, 2026, primarily due to the increase in raw materials to meet expected sales order demand amid continued revenue growth and new business development.

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

	As of December 31,	As of May 31,
	2025	2026
	RMB'000	RMB'000
Within one year	595,619	711,082
One to two years	4,129	55,223
Over two years	7,177	7,464
Total	606,925	773,769

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At the end of each period of the Track Record Period, we review whether individual inventory items are obsolete or stagnant and whether their net realisable value is lower than their cost. The impairment of inventory is based on the assessment of inventory aging, market prices, technological renewal and changes in product demand that may affect the net realisable value of inventories. We have made sufficient inventory impairment provision in the Track Record Period and fully considered the subsequent sales.

The following table sets forth the turnover days of our inventories for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	(days)			
Inventory turnover days ⁽¹⁾	317	116	109	120

Note:

- (1) Inventory turnover days for a year/period equal the average of the gross value of the opening and closing inventory balance divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 365/151 days for each year/period.

Our inventory turnover days were 317 days in 2023, which is higher than that in 2024, primarily because we built up inventory in advance during 2023 to support ramped-up production in 2024, which extended the turnover days. Our inventory turnover days decreased from 317 days in 2023 to 116 days in 2024, primarily attributable to the transition of several vehicle models from the pre-mass production stage in 2023 to stable mass production in 2024. In 2023, we built up inventories in anticipation of scaling up production in 2024, which resulted in longer inventory turnover days. As more vehicle models entered stable mass production in 2024, the inventories accumulated in prior periods were gradually consumed and converted into sales, resulting in a more efficient inventory turnover cycle. Additionally, we enhanced inventory management and improved order fulfillment efficiency, further reducing inventory levels at year-end. The continued improvement in inventory turnover days to 109 days in 2025 reflected a structurally more stable production and delivery cycle as additional vehicle models transitioned into mass production. Our inventory turnover days increased from 109 days in 2025 to 120 days in the five months ended May 31, 2026, primarily due to the increase in raw materials to meet expected sales order demand.

Since the receipt of customer orders, the timeframe required for our raw materials procurement, production and delivery is on average approximately 30 days during the Track Record Period, with a range of approximately 7 days to 180 days, depending primarily on inventory availability and the procurement cycle of certain key raw materials.

During the Track Record Period, our inventories included goods dispatched. Goods dispatched represent products that have been physically delivered to logistics providers, transit warehouses or customers' designated warehouses but have not yet been recognized as revenue as customer acceptance or collection had not occurred as of the end of each year during the Track Record Period, resulting in the balances due to timing differences between shipment and customer acceptance. As such goods were produced and shipped based on customers' specific requirements, customer acceptance is normally completed in the early period of the following year. As of June 30, 2026, goods dispatched in 2023, 2024 and 2025 had been substantially accepted, except for certain obsolete inventories under impairment. For goods dispatched as of May 31, 2026, as of June 30, 2026, subsequently accepted goods amounted to RMB90.0 million, representing an acceptance rate of 72.8% of the total goods dispatched of RMB123.6 million. Acceptance rate for goods dispatched outstanding as of May 31, 2026 is at a normal level compared to industry peers as of the relevant date. This is primarily because (i) under our business model, for certain OEM customers and tier-1 suppliers, products are first delivered to their designated warehouse, transit warehouse or logistics

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location. The customer then draws down or uses the products based on its production needs, and settlement and revenue recognition are generally made on a periodic basis, typically by reference to the customer’s actual drawdown, usage or acceptance during the relevant month. As a result, goods dispatched are not necessarily accepted immediately after physical delivery, and it is normal for a period of time to elapse between delivery and acceptance; and (ii) such time lag for customers’ acceptance since the delivery of goods is in line with industry norms.

The goods dispatched as of May 31, 2026 which remained unaccepted as of June 30, 2026 primarily comprised two categories. First, products prepared for a customer’s new vehicle model, which accounted for approximately 21.7% of the total unaccepted goods dispatched as of May 31, 2026. Based on the communication with our customer, these products are expected to be drawn down and utilized in the second half of 2026. Second, goods relating to end-of-production (EOP) projects, which accounted for approximately 15.5% of the total unaccepted goods dispatched as of May 31, 2026. We have made full provision for impairment on these EOP-related goods in accordance with our accounting policy. The remaining balance was also affected by the customer’s production scheduling, model iteration plans and inventory deployment arrangements, rather than product rejection, quality disputes or lack of recoverability.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material returns of inventories.

As of June 30, 2026, RMB352.3 million, or 45.5% of our inventories as of May 31, 2026 had been utilized or sold.

Trade Receivables

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	132,875	529,389	666,882	614,187
Impairment	(3,149)	(10,653)	(15,058)	(14,093)
Total	<u>129,726</u>	<u>518,736</u>	<u>651,824</u>	<u>600,094</u>

Our trade receivables increased significantly from RMB129.7 million as of December 31, 2023 to RMB518.7 million as of December 31, 2024, primarily due to the expansion of our business scale and the increase in sales, which resulted in higher receivables. Our trade receivables increased by 25.7% from RMB518.7 million as of December 31, 2024 to RMB651.8 million as of December 31, 2025, primarily due to higher sales volume, in line with our business expansion. Our trade receivables decreased by 7.9% from RMB651.8 million as of December 31, 2025 to RMB600.1 million as of May 31, 2026, primarily due to our strengthened receivables management and optimized customer credit policies, which led to improved collection from customers.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	129,726	518,736	648,772	600,094
6 to 12 months	—	—	3,052	—
Total	<u>129,726</u>	<u>518,736</u>	<u>651,824</u>	<u>600,094</u>

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

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	(days)			
Trade receivables turnover days ⁽¹⁾	246	104	109	101

Note:

- (1) Trade receivables turnover days for a year/period equal the average of opening and closing balance of trade receivables for the relevant year/period divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 365/151 days for each year/period.

Our trade receivables turnover days decreased from 246 days in 2023 to 104 days in 2024, primarily because (i) the revenue recorded in 2023 was relatively small, with only five vehicle models having entered mass production during the year, and therefore was not representative of our typical operating scale or steady-state business profile. Most customer programs in 2023 were still at the validation or ramp-up stage, where shipment volumes were limited and delivery and settlement patterns were less regular; and (ii) in 2024, a substantial portion of our revenue was generated from customers whose 26 vehicle models had entered stable mass production, resulting in significantly higher and more consistent shipment volumes. As these programs transitioned into regular mass production, delivery schedules, billing cycles and settlement patterns became more standardized and predictable compared with the pre-mass production stage in prior periods, thereby improving the efficiency and shortening the trade receivables turnover days. Our trade receivable turnover days remained relatively stable at 104 days in 2024 and 109 days in 2025, generally in line with the credit terms agreed with our customers. Our trade receivable turnover days decreased from 109 days in 2025 to 101 days in the five months ended May 31, 2026, primarily due to our strengthened receivables management and optimized customer credit policies, which led to improved collection from customers.

We maintain strict control over our outstanding trade receivables through a comprehensive set of proactive credit management measures. Payment reminders are promptly issued to customers with overdue balances, and we may, depending on the circumstances, suspend the delivery of new orders to customers with significant overdue payments. We perform an impairment analysis at each reporting date using the simplified approach under IFRS 9 to measure expected credit losses. The majority of our trade receivables are aged within six months, and an impairment analysis was performed at the end of the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026 using an expected credit loss model to assess the impairment of trade receivables. The provision rates are based on invoice date for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information was available at the end of Track Record Periods about past events, current conditions and forecasts of future economic conditions. As of the end of each period during the Track Record Period, we did not identify any material recoverability issues for our trade receivables and the provisions made are sufficient as of the end of each period during the Track Record Period.

As of June 30, 2026, RMB190.4 million, or 31.0% of our trade receivables as of May 31, 2026 had been settled.

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Financial Assets at Fair Value Through Other Comprehensive Income

For bills receivable that were held both for collection of contractual cash flows and selling, where the contractual cash flows of these bills receivable represented solely payments of principal and interest on the principal amount outstanding, they were classified as financial assets at fair value through other comprehensive income. Our financial assets at fair value through other comprehensive income represent these kinds of bills receivable. Our financial assets at fair value through other comprehensive income increased from RMB10.3 million as of December 31, 2023 to RMB141.7 million as of December 31, 2024, and further increased to RMB347.7 million as of December 31, 2025, mainly due to the increase of related bills receivable in line with our business expansion. Our financial assets at fair value through other comprehensive income decreased from RMB347.7 million as of December 31, 2025 to RMB320.3 million as of May 31, 2026, mainly due to the increased endorsement and maturity of bank acceptance bills.

Based on the due diligence work conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to doubt the genuineness of the Group’s transactions settled by bills receivable or the recoverability of those bills receivable.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily represented (i) prepayments for materials and service expenses in relation to our business operations; (ii) other receivables, mainly including deposits and other receivables related to in-transit funds from our subsidiary; (iii) [REDACTED] expenses; and (iv) other current assets, mainly including VAT input credits. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	19,028	13,152	12,185	15,191
Other receivables	4,509	15,172	8,259	8,393
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other current assets	44,187	64,833	72,704	63,628
Total	67,724	93,157	94,531	90,399

Our prepayments, other receivables and other assets increased by 37.6% from RMB67.7 million as of December 31, 2023 to RMB93.2 million as of December 31, 2024, primarily due to the increase in other current assets, mainly related to our expanded procurement volume compared to 2023, which was partially offset by the decrease in prepayments for material purchases.

Our prepayments, other receivables and other assets remained relatively stable at RMB93.2 million as of December 31, 2024 and RMB94.5 million as of December 31, 2025.

Our prepayments, other receivables and other assets decreased by 4.4% from RMB94.5 million as of December 31, 2025 to RMB90.4 million as of May 31, 2026, mainly due to the decrease in other current assets, referring to the decrease in deductible input value-added tax, as the increase in sales volume resulted in higher output value-added tax, which consumed deductible input value-added tax.

As of June 30, 2026, RMB61.8 million, or 68.3% of our prepayments, other receivables and other assets as of May 31, 2026 had been settled.

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Financial Assets at Fair Value Through Profit or Loss

Our current financial assets at fair value through profit or loss decreased significantly from RMB180.9 million as of December 31, 2023 to nil as of December 31, 2024, primarily due to the maturity of wealth management products. Our current financial assets at fair value through profit or loss remained nil as of December 31, 2025. Our current financial assets at fair value through profit or loss increased from nil to RMB250.8 million as of May 31, 2026. We have established internal policies on the purchase and management of wealth management products. Our finance department monitors daily cash balances and initiates investment proposals when excess funds are identified. The investment decisions are made on a case-by-case basis after careful consideration of a number of factors, such as general market conditions, credit of the commercial banks, our cash flow performance and the expected profit or potential loss of the investments. Each material investment must be approved by the chief financial officer before execution. After [REDACTED], our investments in financial assets at fair value through profit or loss will be subject to compliance with Chapter 14 of the Listing Rules.

Our non-current financial assets at fair value through profit or loss increased significantly from RMB6.7 million as of December 31, 2023 to RMB14.8 million as of December 31, 2024, and then increased by 38.2% to RMB20.5 million as of December 31, 2025, primarily due to the fair value appreciation of our equity investments, resulted from subsequent financing rounds of the investees at higher valuation levels. Our non-current financial assets at fair value through profit or loss increased by 24.4% from RMB20.5 million as of December 31, 2025 to RMB25.5 million as of May 31, 2026.

Cash and Cash Equivalents

Our cash and cash equivalents decreased by 11.9% from RMB231.3 million as of December 31, 2023 to RMB203.8 million as of December 31, 2024, primarily due to increased cash outflows resulting from the expansion of our operating scale.

Our cash and cash equivalents increased by 271.7% from RMB203.8 million as of December 31, 2024 to RMB757.6 million as of December 31, 2025, as a result of increase in financing activities and improved collections from customers. See “— Liquidity and Capital Resources — Cash Flow.”

Our cash and cash equivalents decreased by 17.1% from RMB757.6 million as of December 31, 2025 to RMB628.4 million as of May 31, 2026, due to the purchase of bank wealth management products and operating expenditures.

Trade and Bills Payables

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payables	—	—	2,631	—
Trade payables	103,095	481,703	844,866	797,063
Total	<u>103,095</u>	<u>481,703</u>	<u>847,497</u>	<u>797,063</u>

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Our trade and bills payables increased by 367.2% from RMB103.1 million as of December 31, 2023 to RMB481.7 million as of December 31, 2024, and then increased by 75.9% to RMB847.5 million as of December 31, 2025, primarily due to the expansion of our business and the increase in procurement volume, which resulted in a corresponding rise in trade payables. Our trade and bills payables decreased by 6.0% from RMB847.5 million as of December 31, 2025 to RMB797.1 million as of May 31, 2026, primarily due to the settlement of trade payables during the period as we made payments to suppliers in the ordinary course of business, in line with our working capital and payment management.

The following table sets forth our trade payables turnover days for the years/periods indicated.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	(days)			
Trade payables turnover days ⁽¹⁾	184	93	128	143

Note:

- (1) Trade payables turnover days for a year/period equal the average of opening and closing balance of trade payables for the relevant year/period divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period, which is 365/151 days for each year/period.

Our trade payable turnover days decreased from 184 days in 2023 to 93 days in 2024, primarily because we ramped up our production in 2024, which required corresponding stockpiling at the end of 2023. This led to higher payables, resulting in elongated turnover days. Our trade payable turnover days increased from 93 days in 2024 to 128 days in 2025 and further to 143 days in the five months ended May 31, 2026, primarily due to our strengthened credit management over suppliers, which resulted in extended payment terms.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	101,639	481,254	846,839	796,732
Over one year	1,456	449	658	331
Total	103,095	481,703	847,497	797,063

As of June 30, 2026, RMB180.9 million, or 22.7% of our trade payables as of May 31, 2026 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily represented (i) employee benefit payables; (ii) other payables; (iii) payables for property, plant and equipment; (iv) sales rebate attributable to payables to customers for pricing adjustment; (v) [REDACTED] expenses; and (vi) other tax payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

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	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Employee benefit payables	23,832	34,226	38,308	28,953
Other payables	15,180	24,961	31,470	23,236
Payables for property, plant and equipment . .	20,573	39,132	141,688	153,082
Sales rebate	–	19,619	20,291	–
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other tax payables	1,794	3,084	7,067	3,157
Total	61,379	121,022	239,631	212,350

Our other payables and accruals increased by 97.2% from RMB61.4 million as of December 31, 2023 to RMB121.0 million as of December 31, 2024, primarily due to (i) an increase in employee benefit payables, mainly resulting from headcount growth and accrual of year-end bonuses, and (ii) an increase in other payables, mainly attributable to accrued expenses attributable to the growth and expansion of our business.

Our other payables and accruals increased by 98.0% from RMB121.0 million as of December 31, 2024 to RMB239.6 million as of December 31, 2025, primarily due to an increase in payables for property, plant and equipment, mainly attributable to the payables related to our Jiaxing, Wuhu and Chongqing plant.

Our other payables and accruals decreased by 11.4% from RMB239.6 million as of December 31, 2025 to RMB212.4 million as of May 31, 2026, mainly due to (i) decrease in sales rebate upon settlement of the relevant sales rebate liabilities; and (ii) decrease in employee benefits, as the payment of annual bonuses for the year ended December 31, 2025 is higher than the bonuses paid for the five months ended May 31, 2026.

As of June 30, 2026, RMB48.7 million, or 22.9% of our other payables and accruals as of May 31, 2026 had been settled.

Contract Liabilities

Our contract liabilities primarily include advances received from customers, which are payments collected before services are delivered.

Our contract liabilities increased significantly from RMB5.8 million as of December 31, 2023 to RMB31.8 million as of December 31, 2024, and then significantly increased to RMB71.9 million as of December 31, 2025, primarily due to the increase in advances received from customers related to R&D services in line with the growth of our business.

Our contract liabilities increased by 25.9% from RMB71.9 million as of December 31, 2025 to RMB90.5 million as of May 31, 2026, mainly due to the increase in advance payments received for R&D services as our business developed and R&D projects increased.

As of June 30, 2026, RMB4.1 million, or 4.6% of our contract liabilities as of May 31, 2026 had been settled.

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KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/periods indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
Revenue growth (%)	N/A	625.1	72.6	73.3
Gross profit/(loss) margin (%) ⁽¹⁾	(8.3)	1.3	5.6	9.0
Current ratio (times) ⁽²⁾ . .	2.7	1.0	1.0	1.0
Quick ratio (times) ⁽³⁾ . . .	2.1	0.7	0.8	0.8
Gearing ratio (%) ⁽⁴⁾	34.6	79.2	80.5	85.3

Notes:

- (1) Calculated by dividing gross profit by revenue for the year/period.
- (2) Current ratio represents current assets divided by current liabilities as of the same date.
- (3) Calculated by dividing total current assets (excluding inventories) by total current liabilities as of the end of the year/period.
- (4) Calculated as the total liabilities divided by total assets as of the same dates.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from equity financing and bank borrowings. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2023, 2024, 2025, May 31, 2026, we had cash and cash equivalents of RMB231.3 million, RMB203.8 million, RMB757.6 million and RMB628.4 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied by equity financing, including the estimated net [REDACTED] received from the [REDACTED], debt financing and potential revenue from our solution sales.

Cash Flow

The following table sets forth our cash flow for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net cash flows used in					
operating activities	(253,807)	(635,098)	(179,014)	(224,414)	(179,423)
Net cash used in investing					
activities	(284,203)	(70,007)	(383,045)	(143,803)	(422,323)
Net cash generated from					
financing activities	616,224	677,949	1,114,259	705,742	473,688
Cash and cash equivalents at					
beginning of year/period . .	152,333	231,334	203,847	203,847	757,603
Cash and cash equivalents at					
end of year/period	231,334	203,847	757,603	542,732	628,416

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Net Cash Generated from or Used in Operating Activities

In the five months ended May 31, 2026, our net cash flows used in operating activities were RMB179.4 million, which was primarily attributable to the adjustments for our loss before income tax of RMB127.5 million as adjusted by (i) non-operating items and non-cash items, primarily comprising: investment income from financial assets at fair value through profit or loss of RMB3.1 million and bank interest income of RMB1.1 million, partially offset by (a) depreciation of items of property plant and equipment of RMB38.1 million and (b) finance costs of RMB29.3 million; and (ii) changes in working capital, primarily including (a) decrease in trade and bills payables of RMB50.4 million and (b) increase in inventories of RMB177.4 million, partially offset by decrease in trade receivables of RMB52.7 million and decrease in financial assets at fair value through other comprehensive income of RMB27.4 million.

In 2025, our net cash used in operating activities was RMB179.0 million which was primarily attributable to the adjustments for our loss before income tax of RMB331.0 million, as adjusted by (i) non-operating items and non-cash items, primarily comprising: fair value gains on financial assets at investments in equity instruments of RMB5.7 million, partially offset by (a) depreciation of items of property plant and equipment of RMB72.4 million and (b) finance costs of RMB52.8 million; and (ii) changes in working capital, primarily including (a) increase in financial assets at fair value through other comprehensive income of RMB206.0 million and (b) increase in inventories of RMB109.7 million, partially offset by increase in trade and bills payables of RMB365.8 million.

In 2024, our net cash used in operating activities was RMB635.1 million, which was primarily attributed to the adjustment for our loss before income tax of RMB335.0 million, including (i) non-cash and non-operating items, primarily comprising: fair value gains on financial assets at investments in equity instruments of RMB8.1 million, partially offset by (a) write-down of inventories to net realisable value of RMB45.4 million and (b) depreciation of items of property plant and equipment of RMB41.0 million; and (ii) change in working capital, primarily comprising (a) increase in trade receivables of RMB396.5 million and (b) increase in inventories of RMB324.9 million, partially offset by increase in trade and bills payables of RMB378.6 million.

In 2023, our net cash used in operating activities was RMB253.8 million, which was primarily attributed to the adjustment for our loss before income tax of RMB237.2 million, including (i) non-cash and non-operating items, primarily comprising: (a) bank interest income of RMB1.5 million and (b) fair value gains on financial assets at investments in equity instruments of RMB1.2 million, partially offset by equity-settled share-based payment expense of RMB28.6 million; and (ii) change in working capital, primarily comprising (a) increase in inventories of RMB116.7 million and (b) increase in trade receivables of RMB50.8 million, partially offset by increase in trade and bills payables of RMB32.0 million.

Based on the above, our net cash used in operating activities remained negative during the Track Record Period, primarily because (i) we were still in a phase of business expansion and capacity ramp-up, during which operating losses were incurred; (ii) in order to support revenue growth, we continued to increase our inventories and receivable-related assets, resulting in a relatively high level of working capital being tied up; and (iii) certain of our sales were settled through bank acceptance bills, which resulted in a temporary mismatch between cash flows and bill settlements and was reflected as net cash outflows from operating activities. Looking forward, we intend to continue to implement a number of measures to improve our operating cash flow position and overall liquidity, including: (i) continuously enhancing the management of bank acceptance bills and strengthening the coordination of cash and bill settlements; (ii) optimizing working capital management with a view to reducing funding risks and improving capital utilization efficiency, taking into account business collections and actual operating needs; and (iii) further optimizing our capital structure through measures such as gradually reducing the level of short-term liabilities.

FINANCIAL INFORMATION

Net Cash Used in Investing Activities

In the five months ended May 31, 2026, our net cash used in investing activities was RMB422.3 million, primarily attributable to (a) purchase of items of property, plant and equipment of RMB169.0 million and (b) purchase of financial assets measured at fair value through profit or loss of RMB1,154.0 million, partially offset by proceeds from disposal of financial assets measured at fair value through profit or loss of RMB939.0 million.

In 2025, our net cash used in investing activities was RMB383.0 million, primarily attributable to (a) purchase of items of property, plant and equipment of RMB340.2 million and (b) purchase of financial assets measured at fair value through profit or loss of RMB1,299.5 million, partially offset by proceeds from disposal of financial assets measured at fair value through profit or loss of RMB1,299.5 million.

In 2024, our net cash used in investing activities was RMB70.0 million, primarily attributable to (a) purchase of items of property, plant and equipment of RMB272.6 million and (b) purchase of financial assets measured at fair value through profit or loss of RMB270.0 million, partially offset by proceeds from disposal of financial assets measured at fair value through profit or loss of RMB450.0 million.

In 2023, our net cash used in investing activities was RMB284.2 million, primarily attributable to (a) purchase of financial assets measured at fair value through profit or loss of RMB247.0 million and (b) purchase of items of property, plant and equipment of RMB114.1 million, partially offset by proceeds from disposal of financial assets measured at fair value through profit or loss of RMB97.0 million.

Net Cash Generated from Financing Activities

In the five months ended May 31, 2026, our net cash generated from financing activities was RMB473.7 million, primarily attributable to (a) new bank borrowings of RMB740.8 million, partially offset by repayment of bank loans of RMB248.0 million and interest paid of RMB12.9 million.

In 2025, our net cash generated from financing activities was RMB1,114.3 million, primarily attributable to (a) new bank borrowings of RMB1,501.4 million and (b) capital contribution from shareholders of RMB580.0 million, partially offset by repayment of bank loans of RMB950.7 million.

In 2024, our net cash generated from financing activities was RMB677.9 million, primarily attributable to (a) new bank borrowings of RMB938.9 million and (b) proceeds from liabilities to other investors of RMB89.7 million, partially offset by repayment of bank loans of RMB350.8 million.

In 2023, our net cash generated from financing activities was RMB616.2 million, primarily attributable to (a) capital contribution from shareholders of RMB501.0 million and (b) new bank borrowings of RMB197.2 million, partially offset by repayment of bank loans of RMB63.5 million.

FINANCIAL INFORMATION

Net Current Assets/(Liabilities)

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

	As of December 31,			As of
	2023	2024	2025	May 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Current assets:				
Inventories	190,982	470,469	562,187	727,461
Trade receivables	129,726	518,736	651,824	600,094
Bills receivables	324	22,008	39,897	43,904
Financial assets at fair value through other comprehensive income	10,263	141,692	347,712	320,340
Prepayments, other receivables and other assets	67,724	93,157	94,531	90,399
Contract assets	–	843	6,051	18,474
Financial assets at fair value through profit or loss	180,910	–	–	250,785
Restricted bank deposits	–	–	42,631	30,396
Cash and cash equivalents	231,334	203,847	757,603	628,416
Total current assets	811,263	1,450,752	2,502,436	2,710,269
Current liabilities:				
Trade and bills payables	103,095	481,703	847,497	797,063
Other payables and accruals	61,379	121,022	239,631	212,350
Liabilities to other investors	–	91,585	158,644	163,147
Contract liabilities	5,775	31,766	71,894	90,540
Interest-bearing bank borrowings	121,817	659,700	1,135,705	1,326,823
Lease liabilities	7,844	9,400	11,889	14,126
Total current liabilities	299,910	1,395,176	2,465,260	2,604,049
Net current assets	511,353	55,576	37,176	106,220

Our net current assets decreased by 89.1% from RMB511.4 million as of December 31, 2023 to RMB55.6 million as of December 31, 2024, primarily due to the decrease in financial assets at fair value through profit or loss, the increase in trade and bills payables, liabilities to other investors, contract liabilities and interest-bearing bank borrowings, which was partially offset by the increase in financial assets at fair value through other comprehensive income, prepayments, other receivables and other assets, inventories and trade receivables.

Our net current assets decreased by 33.1% from RMB55.6 million as of December 31, 2024 to RMB37.2 million as of December 31, 2025, primarily due to the increase in interest-bearing bank borrowings and trade and bills payables, which was partially offset by the increase in cash and cash equivalents and financial assets at FVTOCI.

Our net current assets significantly increased from RMB37.2 million as of December 31, 2025 to RMB106.2 million as of May 31, 2026, primarily due to the increase in financial assets at fair value through profit or loss and inventories, which was partially offset by the increase in interest-bearing bank borrowings and the decrease in cash and cash equivalents.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and May 31, 2026, our indebtedness mainly consisted of interest-bearing bank borrowings, lease liabilities, and liabilities to other investors. The following table sets forth the details of our indebtedness as of the dates indicated:

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	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Interest-bearing bank borrowings	121,817	659,700	1,135,705	1,326,823
Lease liabilities	7,844	9,400	11,889	14,126
Liabilities to other investors	–	91,585	158,644	163,147
Non-current				
Interest-bearing bank borrowings	42,066	92,746	161,675	474,093
Lease liabilities	10,234	10,458	42,880	45,584
Total	181,961	863,889	1,510,793	2,023,773

Interest-bearing Bank Borrowings

Our interest-bearing bank borrowings increased by 359.1% from RMB163.9 million as of December 31, 2023 to RMB752.4 million as of December 31, 2024, then increased by 72.4% to RMB1,297.4 million as of December 31, 2025, primarily due to the expansion of our business, which required additional borrowings to support growth. Our interest-bearing bank borrowings then increased to RMB1,800.9 million as of May 31, 2026, primarily due to increase in funding needs for production, R&D and plant construction as our business scale continued to expand.

The following table sets forth our interest-bearing bank borrowings obtained as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Secured	20,451	76,771	–	–
Unsecured	101,366	582,929	1,135,705	1,326,823
Non-current				
Secured	34,600	77,746	–	328,017
Unsecured	7,466	15,000	161,675	146,076
Total	163,883	752,446	1,297,380	1,800,916

As of May 31, 2026, we have drawn down secured bank loans of RMB328.0 million, bearing interest at the rate of 2.85% per annum. These loans were guaranteed by buildings and leasehold land by Leadrive Semiconductor (Jiaxing) Co., Ltd. In addition, we have drawn down unsecured bank loan of RMB1,472.9 million, bearing interest at the rate from 0.90% to 3.40% per annum.

Lease Liabilities

Our lease liabilities are mainly in relation to our leased properties for offices and production facilities. Our lease liabilities increased by 9.8% from RMB18.1 million as of December 31, 2023 to RMB19.9 million as of December 31, 2024 and further significantly increased to RMB54.8 million as of December 31, 2025, which was primarily due to an increase in our office and production facilities rental costs to satisfy our business expansion needs. Our lease liabilities increased by 9.0% from RMB54.8 million as of December 31, 2025 to RMB59.7 million as of May 31, 2026, due to new leases for plants and offices to support our expanded business operations.

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The following table sets forth our lease liabilities in absolute amounts as of the dates indicated:

	As of December 31			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current Lease liabilities	7,844	9,400	11,889	14,126
Non-current Lease liabilities	10,234	10,458	42,880	45,584
Total	18,078	19,858	54,769	59,710

Liabilities to Other Investors

Our liabilities to other investors represent the redemption rights granted to certain investors of Leadrive Technology (Wuhu) Co., Ltd. These rights entitle the investors to require Leadrive Technology (Wuhu) Co., Ltd. to redeem their investments upon the occurrence of specified triggering events. For more information, see Note 30 to the Accountants’ Report set out in Appendix I.

Our liabilities to other investors increased from nil as of December 31, 2023 to RMB91.6 million as of December 31, 2024, and further increased to RMB158.6 million as of December 31, 2025, primarily due to the additional investments obtained. Our liabilities to other investors remained relatively stable at RMB158.6 million as of December 31, 2025 and RMB163.1 million as of May 31, 2026.

As of May 31, 2026, we had committed unutilized banking facilities of RMB884.1 million. Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Except as disclosed above, as of May 31, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured. Except as disclosed above, our Directors confirm that there has not been any material change in our indebtedness since May 31, 2026, and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and May 31, 2026, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

The table below sets forth the capital commitments during the Track Record Period:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	18,021	246,274	118,939	223,096

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Capital commitments represent capital expenditure contracted for as of a particular date but not yet incurred. As of December 31, 2023, 2024, 2025 and May 31, 2026, our capital commitments amounted to RMB18.0 million, RMB246.3 million, RMB118.9 million and RMB223.1 million, respectively.

CAPITAL EXPENDITURES

The following table sets forth the details of our capital expenditures for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,	
	2023		2024		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Purchases of property, plant & equipment	114,062	83.8	272,574	99.3	340,192	97.6	168,975	98.8
Purchase of intangible assets	2,349	1.7	1,985	0.7	8,380	2.4	2,000	1.2
Purchase of right-of-use assets	19,663	14.5	—	—	—	—	—	—
Total	136,074	100.0	274,559	100.0	348,572	100.0	170,975	100.0

Our capital expenditures in 2023, 2024, 2025 and the five months ended May 31, 2026 were RMB136.1 million, RMB274.6 million, RMB348.6 million and RMB171.0 million, respectively. We plan to fund our planned capital expenditures primarily by using the cash on our consolidated balance sheet, cash generated from operating activities and the net [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED].”

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

For more details about our related party transactions during the Track Record Period, see Note 41 of Appendix I to this Document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK

Our principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals which arise directly from our operations.

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks. For details of financial risk management objectives and policies, see Note 45 of Appendix I to this Document.

FINANCIAL INFORMATION

DIVIDENDS AND DIVIDEND POLICY

No dividends have been paid or declared by our Company during the Track Record Period. Pursuant to our Articles of Association, we may distribute profits only if (i) we have positive distributable profits for the relevant year, (ii) our audited asset-liability ratio (on a parent-company basis) does not exceed 70%, and (iii) there is no material investment plan or material cash expenditure expected to occur within the following 12 months (other than [REDACTED] from the [REDACTED]). Following approval of a profit distribution proposal by the shareholders’ meeting, or where the Board formulates a specific interim distribution proposal in accordance with the conditions and upper limit approved by the shareholders’ meeting for the relevant year, the relevant dividends (or shares) shall be distributed within two months thereafter. Any future determination to pay dividends will be made at the discretion of our Board of Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant. Save as disclosed above, we do not have any other formal dividend policy or predetermined dividend payout ratio. As advised by our PRC Legal advisor, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, unutilized banking facilities and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) payments for property, plant and equipment, (iii) payments for intangible assets, (iv) payments of lease liabilities, and (v) interest paid on bank borrowings. We consider these items to be key indicators of our operational efficiency, reflecting payments which can significantly impact our cash flow. Our historical cash burn rate was RMB[REDACTED] million in the 29 months from January 1, 2024 to May 31, 2026. We had (i) cash and cash equivalents of RMB628.4 million, (ii) bank acceptance bills of RMB363.3 million, (iii) financial assets at FVTPL of RMB250.8 million, and (iv) unutilized banking facilities of RMB884.1 million as of May 31, 2026. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million after deducting the [REDACTED], fees and estimated expenses paid and payable by us in the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED] Share. Assuming that the average cash burn rate going forward will be similar to the cash burn rate level in the 29 months from January 1, 2024 to May 31, 2026, based on the underlying assumptions that (i) the number of our employees will not increase significantly, particularly in the R&D department, (ii) we do not expect substantial capital investment, and (iii) we do not expect significant acquisitions of fixed assets, we estimate that our cash and cash equivalents, bank acceptance bills, financial assets at FVTPL and unutilized bank facilities totaling RMB2,126.6 million as of May 31, 2026, will be able to maintain our financial viability for [REDACTED] months, or, if we take into account 10% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), [REDACTED] months or, if we also take into account 100% of the estimated net [REDACTED] from the [REDACTED], [REDACTED] months. We expect to achieve cash flow breakeven in the foreseeable future, taking into account the factors including (i) growth of revenue and profits; (ii) adjustments for operating cash flow before movements in working capital; (iii) improvement in asset turnover ratio and optimization of operating liability arrangements.

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DISTRIBUTABLE RESERVES

As of May 31, 2026, we did not have any distributable reserves.

[REDACTED] EXPENSE

[REDACTED] expenses consist of professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We expect to incur [REDACTED] expenses of approximately HK\$[REDACTED] million (based on the mid-point of the indicative [REDACTED] range and assuming the [REDACTED] is not exercised), which accounts for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. We estimate the [REDACTED] expenses to consist of approximately HK\$[REDACTED] million in [REDACTED] expenses and HK\$[REDACTED] million in [REDACTED] expenses. In the five months ended May 31, 2026, we incurred [REDACTED] expenses of RMB11.0 million. Among the total [REDACTED] expenses, approximately HK\$[REDACTED] million will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [REDACTED], and the remaining HK\$[REDACTED] million will be expensed in our consolidated statements of comprehensive income. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and [REDACTED] statement of our adjusted consolidated net tangible assets which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the [REDACTED] on our consolidated net tangible assets attributed to the equity shareholders of our Company as of May 31, 2026 as if [REDACTED] had taken place on May 31, 2026. The 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 our financial position had the [REDACTED] been completed as of May 31, 2026 or at any future date.

	Consolidated net tangible assets of our Group attributable to the equity shareholders of our Company as of May 31, 2026	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to the equity shareholders of our Company	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of our Company per Share	
	RMB'000 Note ⁽¹⁾	RMB'000 Note ⁽²⁾	RMB'000	RMB Note ⁽³⁾	HK\$ Note ⁽⁴⁾
Based on an [REDACTED] of HK\$[REDACTED] per Share	[537,348]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share	[537,348]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The consolidated net tangible assets of our Group attributable to equity holders of our Company as at May 31, 2026 is based on consolidated net assets of our Group attributable to equity holders of our Company as at May 31, 2026 of approximately RMB547,114,000 after deducting other intangible assets of RMB9,766,000 as of May 31, 2026 set out in the Accountants' Report in Appendix I to this document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] Shares at the indicative Price HK\$[REDACTED] and HK\$[REDACTED] per Share, respectively, after deduction of [REDACTED] fees and [REDACTED] and other [REDACTED] related expenses payable by our Company (excluding the [REDACTED] expenses that have been charged to profit or loss during the Track Record Period), and without taking into account of any shares which may be allotted and issued upon the exercise of the [REDACTED].

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- (3) The unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to equity holders of our Company per Share is calculated based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and does not take into account of any Shares which may be issued under the [REDACTED], or any Shares which may be allotted, issued or repurchased by our Company.
- (4) For the purpose of this unaudited [REDACTED] statement of adjusted net tangible assets, the balances stated in RMB are converted into HKD at the rate of HK\$1 to RMB0.86746. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.
- (5) No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets to reflect any trading results or other transactions for our Group entered into subsequent to May 31, 2026.
- (6) Pursuant to the resolutions of the Shareholders dated December 22, 2025, the Shares will be split on a one-for-five basis immediately prior to the [REDACTED], and the nominal value of the Shares will be changed from RMB1.0 each to RMB0.2 each (namely, the Share Subdivision). At the date of the Document, the resolutions have not become effective. If not considered such subdivision, the unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of our Company per Share as at May 31, 2026 would then be RMB[REDACTED] (HK\$[REDACTED]) and RMB[REDACTED] (HK\$[REDACTED]) based on the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share, respectively.

See “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this Document, there had been no material adverse change in our financial or trading position or prospects since May 31, 2026, being the end date of the periods reported in Appendix I to this Document, and there is no event since May 31, 2026 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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