
FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and notes included in “Accountants’ Report” as set out in Appendix I to this Document. The financial information as set out in the Accountants’ Report incorporates the financial statements of our Company during the Track Record Period. You should read the whole Accountants’ Report as set out in Appendix I to this Document and not rely merely on the information presented in this section. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors,” “Forward-Looking Statements” and elsewhere in this Document.

OVERVIEW

We are a global supplier of power equipment and solutions. Leveraging proprietary core technologies and dedicated R&D capabilities, we provide a diversified product portfolio across multiple application fields, including new energy, data centers, power distribution, industrial control, and lighting. We specialize in transformer equipment, power supplies, and magnetic component products. In addition, we deliver integrated solutions tailored to specific application scenarios, committed to customers worldwide in achieving reliable and efficient operations. Specifically, in addition to supplying individual products, we are offering a broader range of complementary equipment and components that form part of a complete power supply system, together with installation-related support and technical services where appropriate.

Since our inception, we entered the global market through consumer electronics as our initial product line. We have consistently remained attuned to market demand, and subsequently expanded into the new energy sector and established a position in the new energy transformer equipment industry. Through our commitment to product quality, our business has continuously expanded, enabling us to build a base of high-quality global customers and achieve scaled production capabilities. By strategically replicating our product advantages across more high-growth industries, we further extended our business into the data center sector. Along the industry value chain, we have further expanded our product portfolio from supplying core components to selling complete machines, resulting in a product portfolio comprising various product categories and covering multiple sectors. Leveraging years of accumulated industry experience, we have developed the capability to provide customers with one-stop customized solutions.

During the Track Record Period, our business continued to grow steadily. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our revenue was RMB3,616.3 million, RMB4,602.7 million, RMB5,214.0 million and RMB2,662.1 million, respectively. Our profit was RMB216.8 million, RMB300.2 million, RMB215.0 million and RMB115.7 million for the same periods respectively. Our gross profit margin was 21.7%, 20.1%, 17.6% and 18.9% for the same periods, respectively, reflecting changes in our product mix and market conditions.

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BASIS OF PREPARATION

For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied accounting policies that conform with IFRS Accounting Standards effective for our accounting period beginning on January 1, 2025 throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain accounting estimates and management’s judgment in applying our accounting policies. Although these estimates and judgments are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the historical financial information, are disclosed in Note 4 to the Accountants’ Report included in Appendix I to this Document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by general factors that influence our industry, including, among others, overall macroeconomic and geopolitical conditions in China and globally, the development and competitive landscape of our industry, global trade tensions, as well as the applicable regulatory environment and policies. In addition to these general factors, we believe our results of operations are more directly affected by the following specific factors:

Our Product

Our long-term success depends on our ability to introduce a comprehensive range of products that meet the evolving demands of our customers globally. We are committed to providing integrated products that serve diverse markets and application scenarios. See “Business — Our Products”. During the Track Record Period, our gross profit margin varied among different business segments, and our results of operations were therefore significantly affected by our product mix.

We will continue to enrich our product portfolio by leveraging our proprietary core technologies and R&D capabilities. We believe that continued diversification of our product portfolio will not only strengthen our market position, but also create new revenue and profit streams and further support our long-term growth.

Our R&D Efforts

Our ability to sustain our technological edge and continuously enhance our product offerings is crucial to maintaining our market position and supporting our long-term growth. We have devoted considerable resources to research and development. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our total R&D expenses amounted to RMB185.8 million, RMB191.2 million, RMB239.1 million and RMB102.3 million, respectively. We have been focused on building a comprehensive R&D system, with technology and product development serving as the primary drivers of our business development.

We have assembled a sizable, experienced, and seasoned professional R&D team. The core members possess profound professional backgrounds and years of R&D practical experience in the power electronics, electromagnetic technology, and related application fields. This high-caliber team serves as a driving force for our continuous technological development and product update.

We have translated our R&D efforts into a range of core technologies and commercialized products. See “Business — Research and Development — Our R&D Achievements”. We intend to continue strengthening our R&D capabilities to support our future business development.

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Our Global Footprint

We have established a global footprint and localized service capabilities in overseas markets, enabling us to provide end-to-end localized services throughout the entire lifecycle, from pre-sales consultation and product manufacturing to after-sales support. In 2023, 2024, 2025 and for the six months ended June 30, 2026, the revenue generated from countries and regions outside Chinese Mainland accounted for 27.1%, 29.5%, 36.6% and 48.6% of our total revenue, respectively. Our overseas presence forms an international operating platform that supports our global business. We intend to continue optimizing and expanding our global network, which is expected to help diversify our market exposure and enhance our resilience to regional market fluctuations.

Our Cost Control and Operational Efficiency Improvement

Our ability to effectively control costs and expenses is critical to our results of operations. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our cost of sales as a percentage of revenue was 78.3%, 79.9%, 82.4% and 81.1%, respectively.

During the Track Record Period, materials costs have been the largest component of our cost of sales. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our cost of materials amounted to RMB2,504.8 million, RMB3,173.9 million, RMB3,557.9 million and RMB1,763.6 million, respectively, accounting for 88.4%, 86.3%, 82.8% and 81.7% of our total cost of sales, respectively. As a result, changes in the prices of our major materials may have a direct impact on our cost of sales and, in turn, our financial performance. The prices of our major materials may fluctuate with market conditions. To mitigate the impact of such price fluctuations, we procure major materials through standardized and stringent supplier selection and management procedures. See “Business — Procurement and Supply Chain Management, and Suppliers” for more details.

Our operating expenses primarily consist of cost of sales, research and development expenses, selling expenses and general and administrative expenses. Our ability to manage operating expenses efficiently also affects our profitability. As our business grows, we believe we may benefit from economies of scale, which could improve our operational efficiency and profitability over time.

MATERIAL ACCOUNTING POLICY AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

We set out below those material accounting policies that we believe are of critical importance to our financial reporting and that involve significant judgments, estimates and assumptions in the preparation of our Historical Financial Information. These accounting policies and related estimates and judgments are important for understanding our financial condition and results of operations and have been consistently applied during the Track Record Period. Our material accounting policies and the key areas that involve significant management judgment, estimates and assumptions are described in greater detail in Notes 3.2 and 4 to the Accountants’ Report included in Appendix I to this Document.

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Revenue Recognition

Revenue mainly arises from sales of new energy products, lighting products, power distribution products, industrial control products and data center products and others.

To determine whether to recognize revenue, we follow a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognizing revenue when or as performance obligations are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized at a point in time, when we satisfy performance obligations by transferring the promised goods to our customers.

Revenue from sale of goods

Revenue from sale of goods between us and our customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognized when the products have been delivered to the customer as stipulated in the contract, and the customer has accepted the goods; it is probable that related economic benefits will flow to us; the significant risks and rewards of ownership of the goods have been transferred; and ownership of the goods has been transferred.

Revenue for overseas sale of goods is recognized when customs declaration procedures for the products have been completed as stipulated in the contract and the customs declaration forms have been obtained; it is probable that related economic benefits will flow to us; the significant risks and rewards of ownership of the goods have been transferred; and ownership of the goods has been transferred.

Impairment of Non-Financial Assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Goodwill;
- Right-of-use assets; and
- The Company’s investments in subsidiaries, associates and joint venture.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

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An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash generating unit (“CGU”)). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised for CGU, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, Plant and Equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by our management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with our accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follows:

Properties and buildings	5–40 years
Machinery	3–10 years
Transportation equipment	3–5 years
Electronic equipment and other equipment	3–10 years
Leasehold improvements	3–5 years

The land purchased by us overseas with permanent property rights is recognized as freehold land and is not depreciated.

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

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Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Key Sources of Estimation Uncertainty and Significant Judgments

In applying our accounting policies, our management is required to make judgments, estimates and assumptions concerning the future. These involve a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Key areas where significant judgment and estimation uncertainty exist include:

Impairment of financial assets and contract assets

The loss allowances for financial assets and contract assets are based on assumptions about risk of default and expected loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions, as well as forward-looking estimates at the end of each year/period for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 47 to the Accountants’ Report included in Appendix I to this Document.

Inventory provision

We measure the inventory at the lower of cost and net realizable value, and make inventory provision for the obsolete inventory, slow-moving inventory and the inventory of which the cost is higher than their net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though our management has made the best estimate about the inventory impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of market situation.

Fair value measurement of financial assets at level 3 fair value hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at level 3 fair value hierarchy are disclosed in the tables in Note 46 to the Accountants’ Report included in Appendix I to this Document.

Income taxes and deferred income taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgements are required from us in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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We recognize deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management’s judgements and estimations about the timing and the amount of taxable profits of the companies who have tax losses.

Recognition of share-based compensation expenses

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the significant input of expected life of the share incentive granted, expected volatility, and risk-free rate and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, we use a Black-Scholes option pricing model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 38 to the Accountants’ Report included in Appendix I to this Document.

Impairment of property, plant and equipment, intangible assets with finite useful lives and right-of-use assets

Property, plant and equipment, intangible assets with finite useful lives and right-of-use assets are stated at costs less accumulated depreciation or amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimations, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets out a summary of our consolidated statements of profit or loss and other comprehensive income for each year/period indicated:

	Year ended December 31			Six months ended June 30	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	3,616,308	4,602,694	5,214,012	2,440,939	2,662,073
Cost of sales	(2,833,087)	(3,677,647)	(4,297,168)	(2,029,785)	(2,159,991)
Gross profit	783,221	925,047	916,844	411,154	502,082
Other income	46,953	63,040	73,016	43,434	24,917
Other (losses)/gains, net	(14,352)	25,120	(6,007)	15,112	(44,596)
Impairment losses recognised on financial assets and contract assets, net	(12,834)	(17,200)	(3,065)	(1,967)	(7,223)
Research and development expenses	(185,800)	(191,177)	(239,090)	(116,346)	(102,258)
General and administrative expenses	(225,034)	(306,205)	(344,405)	(144,178)	(155,300)
Selling expenses	(88,491)	(109,553)	(125,888)	(68,532)	(61,125)
Finance costs	(23,788)	(43,239)	(51,808)	(24,533)	(33,279)
Share of result of an associate	(53,784)	457	(258)	(2,568)	(3,330)
Profit before income tax	226,091	346,290	219,339	111,576	119,888
Income tax expense	(9,248)	(46,128)	(4,377)	(1,732)	(4,179)
Profit for the year/period	216,843	300,162	214,962	109,844	115,709

Revenue

In 2023, 2024, 2025 and for the six months ended June 30, 2026, our revenue was RMB3,616.3 million, RMB4,602.7 million, RMB5,214.0 million and RMB2,662.1 million, respectively.

Revenue by Product Types

During the Track Record Period, a majority of our revenue came from (i) transformer equipment products, including (a) new energy products, which amounted to RMB1,953.2 million, RMB2,636.3 million, RMB2,904.1 million and RMB1,432.0 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 54.0%, 57.3%, 55.7% and 53.8% of our total revenue in the same respective years; (b) data center products, which amounted to RMB49.7 million, RMB149.3 million, RMB237.1 million and RMB219.8 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 1.4%, 3.2%, 4.5% and 8.3% of our total revenue in the same respective periods; (c) power distribution products, which amounted to RMB374.1 million, RMB372.0 million, RMB410.9 million and RMB146.4 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 10.3%, 8.1%, 7.9% and 5.5% of our total revenue in the same respective periods; (d) industrial control products, which amounted to RMB249.6 million, RMB232.6 million, RMB261.3 million and RMB117.4 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 6.9%, 5.1%, 5.0% and 4.4% of our total revenue in the same respective periods; (ii) lighting products, which amounted to RMB811.7 million, RMB978.3 million, RMB923.0 million and RMB453.0 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 22.4%, 21.3%, 17.7% and 17.0% of our total revenue in the same respective periods; and (iii) other products, which amounted to RMB178.0 million, RMB234.1 million, RMB477.5 million and RMB293.4 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 5.0%, 5.0%, 9.2% and 11.0% of our total revenue in the same respective periods.

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The following table sets out a breakdown of our revenue by product types for each year/period indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Transformer Equipment Products	2,626,562	72.6	3,390,204	73.7	3,813,506	73.1	1,836,051	75.2	1,915,624	72.0
— New energy products	1,953,199	54.0	2,636,273	57.3	2,904,124	55.7	1,452,329	59.5	1,432,043	53.8
— Data center products	49,678	1.4	149,294	3.2	237,123	4.5	53,562	2.2	219,801	8.3
— Power distribution products	374,069	10.3	372,004	8.1	410,946	7.9	221,056	9.1	146,424	5.5
— Industrial control products	249,616	6.9	232,633	5.1	261,313	5.0	109,104	4.5	117,356	4.4
Lighting Products	811,713	22.4	978,349	21.3	922,998	17.7	437,342	17.9	453,049	17.0
Other Products	178,033	5.0	234,141	5.0	477,508	9.2	167,546	6.9	293,400	11.0
Total	3,616,308	100.0	4,602,694	100.0	5,214,012	100.0	2,440,939	100.0	2,662,073	100.0

Revenue by Geographical Region

During the Track Record Period, we generated revenue primarily from Chinese Mainland, North America, Europe, Asia (excluding Chinese Mainland) and other countries/regions. Revenue from other countries/regions amounted to RMB981.3 million, RMB1,357.1 million, RMB1,909.7 million and RMB1,293.5 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively, accounting for 27.1%, 29.5%, 36.6% and 48.6% of our total revenue in the same respective years.

The following table sets out a breakdown of our revenue by geographical region for each year/period indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Revenue from External Customers										
— Chinese Mainland	2,635,030	72.9	3,245,598	70.5	3,304,289	63.4	1,751,895	71.8	1,368,549	51.4
— North America ⁽¹⁾	376,202	10.4	600,066	13.0	900,197	17.3	340,974	14.0	484,403	18.2
— The United States	257,438	7.1	471,286	10.2	777,377	14.9	273,529	11.2	452,823	17.0
— Europe ⁽²⁾	352,753	9.8	521,225	11.3	524,931	10.1	234,641	9.6	244,752	9.2
— Asia (Excluding Chinese Mainland) ⁽³⁾	222,935	6.2	195,457	4.2	452,439	8.7	98,177	4.0	545,273	20.5
— Others	29,388	0.8	40,348	0.9	32,156	0.6	15,252	0.6	19,096	0.7
Total	3,616,308	100.0	4,602,694	100.0	5,214,012	100.0	2,440,939	100	2,662,073	100

Notes:

- (1) Primarily includes the United States.
- (2) Primarily includes Spain and Sweden.
- (3) Primarily includes Japan and Thailand.

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Cost of Sales

In 2023, 2024, 2025 and for the six months ended June 30, 2026, our cost of sales was RMB2,833.1 million, RMB3,677.6 million, RMB4,297.2 million and 2,160.0 million, respectively.

Our cost of sales primarily consisted of (i) materials costs; (ii) employee benefit expenses; and (iii) depreciation and amortisation.

The following table sets out a breakdown of our cost of sales for each year/period indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Cost of sales										
Materials costs	2,504,826	88.4	3,173,913	86.3	3,557,935	82.8	1,719,958	84.7	1,763,581	81.6
Employee benefit expenses	178,830	6.3	254,497	6.9	341,698	8.0	171,078	8.4	165,298	7.7
Depreciation and amortisation	66,826	2.4	85,884	2.3	113,141	2.6	51,416	2.5	87,730	4.1
Transportation costs	37,227	1.3	115,034	3.1	216,660	5.0	50,130	2.5	84,955	3.9
Provision for impairment of inventories	16,646	0.6	15,630	0.4	14,690	0.3	16,763	0.8	23,477	1.1
Water and electricity charges	18,095	0.6	25,965	0.7	36,493	0.9	13,555	0.7	25,023	1.2
Other expenses	10,637	0.4	6,724	0.3	16,551	0.4	6,885	0.3	9,927	0.5
Total	2,833,087	100.0	3,677,647	100.0	4,297,168	100.0	2,029,785	100.0	2,159,991	100.0

Our materials costs were primarily used in the production of our transformer equipment and lighting products, and represented the largest component of our total cost of sales during the Track Record Period. The movements in our materials costs during the Track Record Period were broadly in line with the changes in sales of the relevant product categories, reflecting that material usage is closely correlated with our production and sales volumes.

Cost of Sales by Product Types

The following table sets out a breakdown of our cost of sales by product types for each year/period indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Transformer Equipment										
Products	2,083,390	73.6	2,708,475	73.6	3,148,548	73.3	1,543,533	76.0	1,544,406	71.5
— New energy products	1,576,125	55.6	2,143,641	58.3	2,494,037	58.0	1,263,226	62.2	1,188,940	55.0
— Data center products	38,737	1.4	129,891	3.5	151,176	3.5	38,309	1.9	147,264	6.8
— Power distribution products	276,532	9.8	256,821	7.0	307,389	7.2	159,640	7.9	118,758	5.5
— Industrial control products	191,996	6.8	178,122	4.8	195,946	4.6	82,358	4.1	89,444	4.1
Lighting Products	599,432	21.2	783,906	21.3	753,726	17.5	346,539	17.1	380,900	17.6
Other Products	150,265	5.2	185,266	5.1	394,894	9.2	139,713	6.9	234,685	10.9
Total	2,833,087	100.0	3,677,647	100.0	4,297,168	100.0	2,029,785	100.0	2,159,991	100.0

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB783.2 million, RMB925.0 million, RMB916.8 million and 502.1 million in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively. Our gross profit margin was 21.7%, 20.1%, 17.6% and 18.9% in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively.

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Gross Profit and Gross Profit Margin by Product Types

The following table sets out a breakdown of gross profit and gross profit margin by product types for each year/period indicated:

	Year ended December 31						Six months ended June 30			
	2023		2024		2025		2025		2026	
	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin	Gross profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Transformer Equipment										
Products	543,172	20.7	681,729	20.1	664,958	17.4	292,518	15.9	371,218	19.4
— New energy products	377,074	19.3	492,632	18.7	410,087	14.1	189,103	13.0	243,103	17.0
— Data center products	10,941	22.0	19,403	13.0	85,947	36.3	15,253	28.5	72,537	33.0
— Power distribution products	97,537	26.1	115,183	31.0	103,557	25.2	61,416	27.8	27,666	18.9
— Industrial control products	57,620	23.1	54,511	23.4	65,367	25.0	26,764	24.5	27,912	23.8
Lighting Products	212,281	26.2	194,443	19.9	169,272	18.3	90,803	20.8	72,149	15.9
Other Products	27,768	15.6	48,875	20.9	82,614	17.3	27,833	16.6	58,715	20.0
Total	783,221	21.7	925,047	20.1	916,844	17.6	411,154	16.8	502,082	18.9

Other Income

In 2023, 2024, 2025 and for the six months ended June 30, 2026, our other income was RMB47.0 million, RMB63.0 million, RMB73.0 million and RMB24.9 million, respectively. Our other income consisted of (i) amortisation of deferred government grants; (ii) other government grants; (iii) bank interest income; and (iv) others.

Government grants received by us during the Track Record Period were primarily related to, among others, for project-based or special-purpose grants, policy-based or honorary grants. Certain government grants were subject to specific conditions and post-approval requirements, depending on the nature of the relevant grant. In particular, for project-based or special-purpose grants, such as technology upgrading subsidies and industrial support funds, we were generally required to submit application materials and supporting documents, including investment plans, feasibility studies and other project-related information, and the relevant government authorities were required to do the compliance review, project filing and inspection before the grants were approved or disbursed. Certain such grants were also disbursed in stages based on actual investment amount, project progress or subsequent verification results. By contrast, policy-based or honorary grants, such as awards and employment subsidies, were not subject to material ongoing conditions after approval and were generally paid in a lump sum once the eligibility criteria were satisfied. Accordingly, government grants received by us were not uniformly one-off in nature, and whether a grant was one-off depended on the nature of the relevant grant and the applicable policy requirements.

During the Track Record Period, we had fulfilled the applicable conditions in all material respects attached to the government grants received by us, and we were not aware of any material non-compliance with such conditions or any material obligation to return such grants.

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The following table sets out a breakdown of our other income for each year/period indicated:

	Year ended December 31			Six months ended June 30	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Amortisation of deferred government grants	2,984	6,302	9,787	4,866	5,055
Value added tax (“VAT”) and other tax credits concessions	6,908	17,271	23,119	15,896	3,521
Other government grants	16,032	7,537	18,193	11,532	1,752
Bank interest income	10,344	14,546	15,518	5,102	9,921
Time deposits interest income	7,883	14,293	1,950	961	160
Others	2,802	3,091	4,449	5,077	4,508
Total	46,953	63,040	73,016	43,434	24,917

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

In 2023, 2024, 2025 and for the six months ended June 30, 2026, our net impairment losses recognised on financial assets and contract assets were RMB12.8 million, RMB17.2 million, RMB3.1 million and RMB7.2 million, respectively. Our net impairment losses recognised on financial assets and contract assets were primarily related to impairment provisions on trade receivables, contract assets and other receivables.

Other (Losses)/Gains, Net

Our net other (losses)/gains primarily consisted of (i) fair value gains on financial assets at FVTPL; (ii) fair value losses on financial liabilities at FVTPL; (iii) (losses)/gains on disposal of property, plant and equipment; (iv) net foreign exchange gains/(losses); (v) penalty income and (vi) dividend income from other financial assets.

The following table sets out a breakdown of our net other (losses)/gains, net for the years/periods indicated:

	Year ended December 31			Six months ended June 30	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fair value gains on financial assets at FVTPL	1,285	1,698	806	—	912
Fair value losses on financial liabilities at FVTPL	(16,760)	(125)	(1,135)	—	(1,475)
(Losses)/gains on disposals of property, plant and equipment	(2,884)	13,691	(972)	(200)	(3,781)
Net foreign exchange gains/(losses)	1,948	7,670	(9,759)	12,183	(59,010)
Gains on disposals of a subsidiary	—	—	—	—	22,560
Penalty income	1,735	1,105	2,527	975	92
Dividend income from other financial assets	—	780	1,971	1,971	—
Others	324	301	555	183	(3,894)
Total	(14,352)	25,120	(6,007)	15,112	(44,596)

Research and Development Expenses

Our research and development expenses primarily consists of: (i) employee benefit expenses; (ii) materials costs; and (iii) research and developments testing costs.

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The following table sets out a breakdown of our research and development expenses by nature for each year/period indicated:

	Year ended December 31						Six months ended June 30			
	2023 RMB'000	%	2024 RMB'000	%	2025 RMB'000	%	2025 RMB'000 (unaudited)	%	2026 RMB'000	%
Research and Development Expenses										
Employee benefit expenses	64,028	34.5	67,664	35.4	109,588	45.8	52,117	44.8	56,228	55.0
Materials costs	104,467	56.2	83,057	43.4	79,633	33.3	39,617	34.1	22,091	21.6
Research and developments testing costs	9,213	5.0	19,558	10.2	25,411	10.6	13,237	11.4	12,377	12.1
Depreciation and amortisation	5,448	2.9	11,257	5.9	17,949	7.5	9,134	7.9	8,528	8.3
Office and travel expenses	762	0.4	2,382	1.2	1,275	0.5	418	0.4	736	0.7
Other expenses	1,882	1.0	7,259	3.9	5,234	2.3	1,823	1.7	2,298	2.3
Total	185,800	100.0	191,177	100.0	239,090	100.0	116,346	100.0	102,258	100.0

In 2023, 2024, 2025 and for the six months ended June 30, 2026, our research and development expenses were RMB185.8 million, RMB191.2 million, RMB239.1 million and RMB102.3 million, respectively.

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee benefit expenses; (ii) depreciation and amortisation; (iii) professional and consulting fee; (iv) office and travel expenses; (v) water and electricity charges; and (vi) business tax and surcharges. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our general and administrative expenses were RMB225.0 million, RMB306.2 million, RMB344.4 million and RMB155.3 million, respectively.

	Year ended December 31						Six months ended June 30			
	2023 RMB'000	%	2024 RMB'000	%	2025 RMB'000	%	2025 RMB'000 (unaudited)	%	2026 RMB'000	%
General and Administrative Expenses										
Employee benefit expenses	124,939	55.5	153,395	50.1	156,925	45.6	62,823	43.6	65,886	42.4
Depreciation and amortisation	16,944	7.5	23,188	7.6	57,266	16.6	23,650	16.4	31,358	20.2
Professional and consulting fee	21,769	9.7	33,281	10.9	25,367	7.4	20,606	14.3	11,024	7.1
Office and travel expenses	17,377	7.7	22,659	7.4	32,667	9.5	8,770	6.1	11,894	7.7
Water and electricity charges	13,916	6.2	20,221	6.6	15,900	4.6	10,311	7.1	5,155	3.3
Business tax and surcharges	17,780	7.9	24,233	7.9	27,685	8.0	11,328	7.9	16,233	10.5
Bank charges	1,439	0.6	3,365	1.1	3,499	1.0	1,590	1.1	1,892	1.2
[REDACTED]	—	—	—	—	—	—	—	—	[REDACTED]	[REDACTED]
Other expenses	10,870	4.9	25,863	8.4	25,096	7.3	5,100	3.5	10,627	6.8
Total	225,034	100.0	306,205	100.0	344,405	100.0	144,178	100.0	155,300	100.0

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Selling Expenses

Our selling expenses primarily consisted of (i) employee benefit expenses; (ii) office and travel expenses; and (iii) other expenses. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our selling expenses were RMB88.5 million, RMB109.6 million, RMB125.9 million and RMB61.1 million, respectively.

	2023		Year ended December 31				Six months ended June 30			
	RMB'000	%	2024	%	2025	%	2025	%	2026	%
			RMB'000		RMB'000		RMB'000		RMB'000	
							(unaudited)			
Selling expenses										
Employee benefit expenses	50,875	57.5	67,107	61.3	76,102	60.5	36,522	53.3	37,898	62.0
Office and travel expenses	11,589	13.1	13,852	12.6	16,984	13.5	10,349	15.1	10,063	16.5
Insurance expenses	2,906	3.3	5,581	5.1	6,201	4.9	3,624	5.3	3,666	6.0
Sale commission	4,268	4.8	3,106	2.8	4,286	3.4	4,037	5.9	2,182	3.6
Depreciation and amortisation	1,549	1.8	1,847	1.7	3,776	3.0	2,426	3.5	1,648	2.7
Business entertainment expenses	4,688	5.3	4,270	3.9	4,996	4.0	2,030	3.0	1,892	3.1
Water and electricity charges	1,624	1.8	2,141	2.0	1,705	1.4	1,423	2.1	1,028	1.7
Advertising expenses	1,013	1.1	1,456	1.3	477	0.4	221	0.3	272	0.4
Others	9,979	11.3	10,193	9.3	11,361	8.9	7,900	11.5	2,476	4.0
Total	88,491	100.0	109,553	100.0	125,888	100.0	68,532	100.0	61,125	100.0

Finance costs

Our finance costs primarily consisted of (i) interest expense on bank borrowings; and (ii) interest expense on lease liabilities. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our finance costs were RMB23.8 million, RMB43.2 million, RMB51.8 million and RMB33.3 million, respectively.

The following table sets out a breakdown of our finance costs for each year/period indicated:

	Year ended December 31,			Six months ended June 30	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest expense on bank borrowings	23,025	40,695	46,994	22,440	31,339
Interest expense on lease liabilities	763	2,544	2,558	1,343	1,190
Interest expense on redemption liabilities	—	—	2,256	750	750
Total	23,788	43,239	51,808	24,533	33,279

Share of Result of an Associate

In 2023, we recorded share of losses of an associate, net of RMB53.8 million. In 2024, we recorded share of profits of an associate, net of RMB0.5 million. In 2025, we recorded share of losses of an associate, net of RMB0.3 million. For the six months ended June 30, 2026, we recorded share of losses of an associate, net of RMB3.3 million.

Income Tax Expense

Our income tax expense primarily consisted of (i) current income tax; and (ii) deferred income tax. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our income tax expense was RMB9.2 million, RMB46.1 million, RMB4.4 million and RMB4.2 million, respectively.

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The following table sets out a breakdown of income tax expense for each year/period indicated:

	Year ended December 31			Six months ended June 30	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax	27,696	46,411	28,895	16,253	40,121
Deferred income tax	(18,448)	(283)	(24,518)	(14,521)	(35,942)
Income tax expense	9,248	46,128	4,377	1,732	4,179

Profit for the Year/Period

In 2023, 2024, 2025 and for the six months ended June 30, 2026, our profit for the year/period was RMB216.8 million, RMB300.2 million, RMB215.0 million and RMB115.7 million, respectively.

PERIOD-TO-PERIOD COMPARISONS OF RESULTS OF OPERATIONS

For the Six Months Ended June 30, 2026 Compared to the Six Months Period Ended June 30, 2025

Revenue

Our revenue increased by 9.1% from RMB2,440.9 million for the six months ended June 30, 2025 to RMB2,662.1 million for the six months ended June 30, 2026, primarily due to the growth in our transformer equipment, in particular data center products, as well as the continued growth in sales of our other products business.

Our revenue generated from transformer equipment products increased by 4.3% from RMB1,836.1 million for the six months ended June 30, 2025 to RMB1,915.6 million for the six months ended June 30, 2026, mainly attributable to: (i) our revenue generated from new energy products remained relatively stable at RMB1,452.3 million and RMB1,432.0 million for the six months ended June 30, 2025 and 2026, respectively; (ii) our revenue generated from data center products increased by 310.4% from RMB53.6 million for the six months ended June 30, 2025 to RMB219.8 million for the six months ended June 30, 2026, primarily due to a significant increase in sales of high-unit-price products to a customer in the United States; (iii) our revenue generated from power distribution products decreased by 33.8% from RMB221.1 million for the six months ended June 30, 2025 to RMB146.4 million for the six months ended June 30, 2026, primarily due to intense industry competition, and stronger customer bargaining power leading to a decrease in average selling price during the period; and (iv) our revenue generated from industrial control products increased by 7.6% from RMB109.1 million for the six months ended June 30, 2025 to RMB117.4 million for the six months ended June 30, 2026, primarily reflecting normal market fluctuations and stable demand for our products.

Our revenue generated from lighting products increased by 3.6% from RMB437.3 million for the six months ended June 30, 2025 to RMB453.0 million for the six months ended June 30, 2026, primarily due to an increase in sales to Customer C as driven by its demand.

Our revenue generated from other products increased by 75.1% from RMB167.5 million for the six months ended June 30, 2025 to RMB293.4 million for the six months ended June 30, 2026, primarily due to the increased sales volume of transformer accessories and automotive inductors.

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Cost of Sales

Our cost of sales increased by 6.4% from RMB2,029.8 million for the six months ended June 30, 2025 to RMB2,160.0 million for the six months ended June 30, 2026, primarily due to overall revenue growth. In particular, cost of sales of our new energy products decreased by 5.9% from RMB1,263.2 million for the six months ended June 30, 2025 to RMB1,188.9 million for the six months ended June 30, 2026, cost of sales of our power distribution products decreased by 25.6% from RMB159.6 million for the six months ended June 30, 2025 to RMB118.8 million for the six months ended June 30, 2026. Such decreases were generally in line with the decreases in revenue generated from these respective products during the same periods. The cost of sales of our other products increased by 68.0% from RMB139.7 million for the six months ended June 30, 2025 to RMB234.7 million for the six months ended June 30, 2026, reflecting our raw material costs. The increased of 284.4% in cost of sales of our data center products from RMB38.3 million for the six months ended June 30, 2025 to RMB147.3 million for the six months ended June 30, 2026, was primarily due to the corresponding significant increase in sales volume for data center products. Cost of sales of our industrial control products slightly increased by 8.6% from RMB82.4 million for the six months ended June 30, 2025 and RMB89.4 million for the six months ended June 30, 2026, mainly in line with the revenue growth of this segment. Cost of sales of our lighting products increased by 9.9% from RMB346.5 million for the six months ended June 30, 2025 to RMB380.9 million for the six months ended June 30, 2026, primarily due to the overall growth in sales volume of our lighting products.

Gross Profit and Gross Profit Margin

Our gross profit increased by 22.1% from RMB411.2 million for the six months ended June 30, 2025 to RMB502.1 million for the six months ended June 30, 2026. Our gross profit margin increased from 16.8% in the six months ended June 30, 2025 to 18.9% in the six months ended June 30, 2026, primarily due to the increase in gross profit margin of our new energy products and other products, along with the significant increase in gross profit and gross profit margin of our data center products, which was partially offset by the decrease in gross profit margin of our power distribution products, industrial control products, and lighting products.

Our gross profit from transformer equipment products increased by 26.9% from RMB292.5 million for the six months ended June 30, 2025 to RMB371.2 million for the six months ended June 30, 2026. Our gross profit margin from transformer equipment products increased from 15.9% for the six months ended June 30, 2025 to 19.4% for the six months ended June 30, 2026, mainly attributable to the increase in gross profit and gross profit margin of our new energy products and data center products, which was partially offset by the decrease in gross profit margin of our power distribution products and industrial control products. This overall improvement was generally driven by our proactive efforts in expanding into overseas markets and changes in our product mix.

Our gross profit from new energy products increased by 28.6% from RMB189.1 million for the six months ended June 30, 2025 to RMB243.1 million for the six months ended June 30, 2026. Our gross profit margin from new energy products increased from 13.0% for the six months ended June 30, 2025 to 17.0% for the six months ended June 30, 2026, primarily due to an increased revenue contribution from our overseas markets, which generally command higher gross profit margins, coupled with a positive effect from the refund of certain U.S. tariffs during the period.

Our gross profit from data center products increased by 375.6% from RMB15.3 million for the six months ended June 30, 2025 to RMB72.5 million for the six months ended June 30, 2026, and our gross profit margin from data center products increased from 28.5% for the six months ended June 30, 2025 to 33.0% for the six months ended June 30, 2026, primarily due to the proactive overseas market expansion, and an increased sales proportion from overseas customers.

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Our gross profit from power distribution products decreased by 55.0% from RMB61.4 million for the six months ended June 30, 2025 to RMB27.7 million for the six months ended June 30, 2026, and gross profit margin from power distribution products decreased from 27.8% for the six months ended June 30, 2025 to 18.9% for the six months ended June 30, 2026, primarily due to (i) intensified market competition and the enhanced bargaining power of our customers; (ii) an increase in the prices of major raw materials; and (iii) higher overall manufacturing costs as our production facilities have not yet reached full capacity utilization.

Our gross profit from industrial control products increased by 4.4% from RMB26.7 million for the six months ended June 30, 2025 to RMB27.9 million for the six months ended June 30, 2026, but our gross profit margin from industrial control products slightly decreased from 24.5% for the six months ended June 30, 2025 to 23.8% for the six months ended June 30, 2026, primarily due to normal market fluctuations.

Our gross profit from lighting products decreased by 20.5% from RMB90.8 million for the six months ended June 30, 2025 to RMB72.1 million for the six months ended June 30, 2026. Our gross profit margin from lighting products decreased from 20.8% for the six months ended June 30, 2025 to 15.9% for the six months ended June 30, 2026, primarily due to a significant increase in the prices of raw materials.

Our gross profit from other products increased by 111.0% from RMB27.8 million for the six months ended June 30, 2025 to RMB58.7 million for the six months ended June 30, 2026. Our gross profit margin from other products increased from 16.6% for the six months ended June 30, 2025 to 20.0% for the six months ended June 30, 2026, primarily due to the overall growth and an increased revenue contribution from our overseas business.

Other Income

Our other income decreased by 42.6% from RMB43.4 million for the six months ended June 30, 2025 to RMB24.9 million for the six months ended June 30, 2026, primarily due to (i) a decrease in VAT and other tax credits concessions from RMB15.9 million to RMB3.5 million primarily because the VAT-related policy benefits received during the period were lower compared to the same period in the previous year, and (ii) a decrease in other government grants from RMB11.5 million to RMB1.8 million was primarily attributable to a higher amount of one-off government grants received for project applications in 2025, which was partially offset by an increase in bank interest income from RMB5.1 million to RMB9.9 million primarily driven by higher USD interest income resulting from an increase in our USD-denominated bank deposits.

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

Our net impairment losses recognized on financial assets and contract assets increased by 267.2% from RMB2.0 million for the six months ended June 30, 2025 to RMB7.2 million for the six months ended June 30, 2026, primarily due to an increase in the bad debt provision for trade receivables.

Other (Losses)/Gains, Net

We recorded other gains, net of RMB15.1 million for the six months ended June 30, 2025, and turned into other losses, net of RMB44.6 million for the six months ended June 30, 2026, primarily due to net foreign exchange losses of RMB59.0 million for the six months ended June 30, 2026, compared to net foreign exchange gains of RMB12.2 million in the prior period, partially offset by gains on disposals of a subsidiary of RMB22.6 million during the six months ended June 30, 2026.

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Research and Development Expenses

Our research and development expenses decreased by 12.0% from RMB116.3 million for the six months ended June 30, 2025 to RMB102.3 million for the six months ended June 30, 2026, primarily due to a decrease in direct R&D inputs, as our intensive investments in the development of core products, such as new energy transformers and box-type substations, were mostly concentrated in the first half of 2025.

General and Administrative Expenses

Our general and administrative expenses increased by 7.7% from RMB144.2 million for the six months ended June 30, 2025 to RMB155.3 million for the six months ended June 30, 2026, primarily due to (i) the transfer of certain new production facilities from construction in progress to fixed assets; and (ii) an increase in travel expenses driven by increased cross-regional personnel mobility for operational coordination and technical exchanges, which was in line with the commencement of our new domestic and overseas facilities.

Selling Expenses

Our selling expenses decreased by 10.8% from RMB68.5 million for the six months ended June 30, 2025 to RMB61.1 million for the six months ended June 30, 2026, primarily due to (i) a decrease in sales commissions, as we had incurred higher commissions in the first half of 2025 to meet greater demands for large-scale business expansion, and (ii) reduced overhead costs driven by the implementation of internal cost optimization initiatives.

Finance Costs

Our finance costs increased by 35.6% from RMB24.5 million for the six months ended June 30, 2025 to RMB33.3 million for the six months ended June 30, 2026, primarily due to increased interest expenses on bank borrowings from RMB22.4 million to RMB31.3 million, mainly because of an increase in long-term borrowings to support our business expansion.

Share of Result of an Associate

The share of losses of an associate, net increased by 29.7% from RMB2.6 million for the six months ended June 30, 2025 to RMB3.3 million for the six months ended June 30, 2026, primarily due to the continued operating losses incurred by the associate during the period.

Income Tax Expense

Our income tax expense increased by 141.2% from RMB1.7 million for the six months ended June 30, 2025 to RMB4.2 million for the six months ended June 30, 2026, primarily due to increased taxable income driven by higher revenue and operating profit.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 5.4% from RMB109.8 million for the six months ended June 30, 2025 to RMB115.7 million for the six months ended June 30, 2026, primarily due to the increase in our gross profit and the decrease in our research and development expenses and selling expenses, which were partially offset by the change from other gains, net for the six months ended June 30, 2025 to other losses, net for the six months ended June 30, 2026 (due to foreign exchange losses), the decrease in our other income, and the increase in our general and administrative expenses and finance costs.

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

Revenue

Our revenue increased by 13.3% from RMB4,602.7 million in 2024 to RMB5,214.0 million in 2025, primarily driven by the increase in sales of our transformer equipment products, in particular new energy products, as well as the continued growth in sales of our other products.

The increase in our revenue was also supported by growth in both domestic and overseas sales, with revenue from Chinese Mainland increasing from RMB3,245.6 million in 2024 to RMB3,304.3 million in 2025 and revenue from other countries/regions increasing from RMB1,357.1 million in 2024 to RMB1,909.7 million in 2025.

Our revenue generated from transformer equipment products increased by 12.5% from RMB3,390.2 million in 2024 to RMB3,813.5 million in 2025, primarily driven by the increase in sales of our new energy products and, to a lesser extent, data center products, power distribution products and industrial control products. In particular, (i) revenue generated from new energy products increased by 10.2% from RMB2,636.3 million in 2024 to RMB2,904.1 million in 2025, primarily due to the changes in our domestic product mix, as our smart transformer station was newly launched with gradual large-scale delivery; and the rapid development of the overseas new energy industry and the effective progress of our overseas sales layout, which enabled us to capture growing market opportunities and increase sales volume, particularly in the United States; (ii) revenue generated from data center products increased by 58.8% from RMB149.3 million in 2024 to RMB237.1 million in 2025, primarily due to our business expansion and the sale of products to a customer in the United States; (iii) revenue generated from power distribution products increased by 10.5% from RMB372.0 million in 2024 to RMB410.9 million in 2025, primarily due to the increased demand for our power distribution products in certain markets with power supply shortages, which contributed to the growth in sales of such products; and (iv) revenue generated from industrial control products increased by 12.3% from RMB232.6 million in 2024 to RMB261.3 million in 2025, primarily due to the product upgrades and iterations in the industrial control industry, resulting in increased sales to our major existing customers.

Our revenue generated from lighting products decreased by 5.7% from RMB978.3 million in 2024 to RMB923.0 million in 2025, primarily due to the overall decline in export demand in the lighting industry and our proactive reduction of orders.

Our revenue generated from other products increased by 103.9% from RMB234.1 million in 2024 to RMB477.5 million in 2025, primarily due to the significant increase in sales of automotive transformer products, automotive power supply products and communication power supply products.

Cost of Sales

Our cost of sales increased by 16.9% from RMB3,677.6 million in 2024 to RMB4,297.2 million in 2025, primarily due to increases in raw material costs driven by the growth in our sales scale, higher labor costs in line with the expansion of our production bases, and higher shipping and other logistics costs as the proportion of our overseas sales increased. In particular, cost of sales of our new energy products increased from RMB2,143.6 million in 2024 to RMB2,494.0 million in 2025, cost of sales of our power distribution products increased from RMB256.8 million in 2024 to RMB307.4 million in 2025, and cost of sales of our other products increased from RMB185.3 million in 2024 to RMB394.9 million in 2025, reflecting our raw material costs. In contrast, the increase in cost of sales of our data center products from RMB129.9 million in 2024 to RMB151.2 million in 2025 was less significant, primarily due to higher shipping costs driven by rising overseas customer demand. Cost of sales of our industrial control products remained relatively stable at RMB178.1 million in 2024 and RMB195.9 million in 2025, respectively, mainly due to our management and cost

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control measures. Cost of sales of our lighting products decreased from RMB783.9 million in 2024 to RMB753.7 million in 2025, primarily due to our optimization of products and proactive reduction of orders.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 0.9% from RMB925.0 million in 2024 to RMB916.8 million in 2025. Our gross profit margin decreased from 20.1% in 2024 to 17.6% in 2025, primarily due to the decrease in gross profit margin of our new energy products, power distribution products, lighting products and other products, which was partially offset by the significant increase in gross profit and gross profit margin of our data center products and the increase in gross profit margin of our industrial control products.

Our gross profit from transformer equipment products decreased by 2.5% from RMB681.7 million in 2024 to RMB665.0 million in 2025. Our gross profit margin of transformer equipment products decreased from 20.1% in 2024 to 17.4% in 2025, primarily due to the decrease in gross profit margin of our new energy products and power distribution products, which was partially offset by the increase in gross profit and gross profit margin of our data center products and industrial control products.

Our gross profit from new energy products decreased by 16.8% from RMB492.6 million in 2024 to RMB410.1 million in 2025, and the gross profit margin of our new energy products decreased from 18.7% in 2024 to 14.1% in 2025, primarily due to intensified market competition, decrease in product price and higher shipping costs, while our overseas production capacity was still in the course of expansion.

Our gross profit from data center products increased by 343.0% from RMB19.4 million in 2024 to RMB85.9 million in 2025, and the gross profit margin of our data center products increased from 13.0% in 2024 to 36.3% in 2025, primarily due to the change in product structure of our data center products, as a result of our continued investment of resources in the data center sector, including the expansion of our product offerings to phase-shift transformers, oil-immersed transformers and dry-type transformers, and our expansion into overseas markets, including the increase in sales to a major overseas customer in 2025, which contributed positively to the gross profit and gross profit margin of such products.

Our gross profit from power distribution products decreased by 10.1% from RMB115.2 million in 2024 to RMB103.6 million in 2025, and the gross profit margin of our power distribution products decreased from 31.0% in 2024 to 25.2% in 2025, primarily due to intensified market competition, stronger customer bargaining power, higher prices of major raw materials and higher shipping and tariff costs. In addition, our production base was still under construction and therefore had not yet fully released production capacity, which increased our overall manufacturing costs.

Our gross profit of our industrial control products increased by 19.9% from RMB54.5 million in 2024 to RMB65.4 million in 2025, and the gross profit margin of our industrial control products increased from 23.4% in 2024 to 25.0% in 2025, primarily due to the stable relationship with our suppliers, the effective management and automation in production, as well as the expansion of our overseas sales of such products.

Our gross profit from lighting products decreased by 13.0% from RMB194.4 million in 2024 to RMB169.3 million in 2025. Our gross profit margin from lighting products decreased from 19.9% in 2024 to 18.3% in 2025, primarily due to our adjustment to the product structure of our lighting products and the substantial production reduction at our Malaysia plant.

Our gross profit from other products increased by 69.0% from RMB48.9 million in 2024 to RMB82.6 million in 2025. Our gross profit margin from other products decreased from 20.9% in 2024 to 17.3% in 2025, primarily due to the changes in the sales mix of other products and those products with different gross profit margins accounted for different proportions.

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Other Income

Our other income increased by 15.8% from RMB63.0 million in 2024 to RMB73.0 million in 2025, primarily due to (i) an increase in amortisation of deferred government grants from RMB6.3 million in 2024 to RMB9.8 million in 2025 in relation to manufacturing- and fixed asset-related subsidies, (ii) an increase in VAT and other tax credits concessions from RMB17.3 million in 2024 to RMB23.1 million in 2025, primarily due to tax credits enjoyed under the preferential policy for additional deduction of input VAT for advanced manufacturing enterprises, and (iii) an increase in other government grants from RMB7.5 million in 2024 to RMB18.2 million in 2025, primarily due to special funds for Small and Medium-sized Enterprise development. Such increase was also supported by higher bank interest income and increased other income, partially offset by a decrease in time deposits interest income from RMB14.3 million in 2024 to RMB2.0 million in 2025.

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

Our net impairment losses on financial assets and contract assets decreased by 82.2% from RMB17.2 million in 2024 to RMB3.1 million in 2025, primarily due to the decrease in impairment provisions on trade receivables and other receivables, mainly because certain previously impaired receivables were recovered during the year. In addition, the expansion of our overseas customer base improved the overall credit term structure of our customer portfolio, which also contributed to lower expected credit loss provisions being recognized in 2025. Meanwhile, our impairment provisions on contract assets increased only slightly from RMB5.1 million as of December 31, 2024 to RMB5.2 million as of December 31, 2025.

Other (Losses)/Gains, Net

We recorded other gains, net of RMB25.1 million in 2024, as compared to other losses, net of RMB6.0 million in 2025, primarily because (i) we recognised gains on disposals of property, plant and equipment of RMB13.7 million, mainly due to the disposal of the warehouse in the United States in 2024, whereas losses on disposals of property, plant and equipment of RMB1.0 million in 2025; and (ii) we recorded net foreign exchange gains of RMB7.7 million in 2024, as compared to net foreign exchange losses of RMB9.8 million in 2025, primarily due to the depreciation of the U.S. dollar in 2025.

Research and Development Expenses

Our research and development expenses increased by 25.1% from RMB191.2 million in 2024 to RMB239.1 million in 2025. Such increase was primarily due to (i) an increase in employee benefit expenses from RMB67.7 million in 2024 to RMB109.6 million in 2025, primarily because of the expansion of research and development team and improvement of compensation level for retention of key technical personnels; (ii) an increase in research and development testing costs from RMB19.6 million in 2024 to RMB25.4 million in 2025, primarily due to increased consumption of experimental materials brought by the product iteration and technical optimization; and (iii) an increase in depreciation and amortisation from RMB11.3 million in 2024 to RMB17.9 million in 2025, primarily due to our increased research and development equipment and experimental facilities and the continued construction of research and development sites and laboratories, which led to higher depreciation of fixed assets and amortisation of long-term deferred expenses.

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General and Administrative Expenses

Our general and administrative expenses increased by 12.5% from RMB306.2 million in 2024 to RMB344.4 million in 2025. Such increase was primarily due to (i) an increase in depreciation and amortisation from RMB23.2 million in 2024 to RMB57.3 million in 2025, primarily due to the addition of administrative and office-related assets and the corresponding increase in depreciation and amortisation expenses, which was in line with our business expansion; (ii) an increase in employee benefit expenses from RMB153.4 million in 2024 to RMB156.9 million in 2025, primarily due to the expansion of our management and administrative team and the increase in compensation level; (iii) an increase in office and travel expenses from RMB22.7 million in 2024 to RMB32.7 million in 2025, which was in line with our increased cross-regional management and administrative activities; and (iv) an increase in business tax and surcharges from RMB24.2 million in 2024 to RMB27.7 million in 2025. Such increase was partially offset by a decrease in professional and consulting fees from RMB33.3 million in 2024 to RMB25.4 million in 2025.

Selling Expenses

Our selling expenses increased by 14.9% from RMB109.6 million in 2024 to RMB125.9 million in 2025. Such increase was primarily due to (i) an increase in employee benefit expenses from RMB67.1 million in 2024 to RMB76.1 million in 2025, primarily attributable to the expansion of our sales team and the increase in average compensation level; (ii) an increase in office and travel expenses from RMB13.9 million in 2024 to RMB17.0 million in 2025, mainly due to our further cost on customer retention and development as well as overseas market development activities; and (iii) an increase in sales commissions from RMB3.1 million in 2024 to RMB4.3 million in 2025, primarily due to engagement of professional parties to services such as market research, localization of overseas operations, and the upgrading of digital tools to support our business expansion and operational efficiency.

Finance Costs

Our finance costs increased by 19.8% from RMB43.2 million in 2024 to RMB51.8 million in 2025. Such increase was primarily due to an increase in interest expense on bank borrowings from RMB40.7 million in 2024 to RMB47.0 million in 2025, mainly because we increased our short-term and long-term bank borrowings to support our business expansion and working capital.

Share of Result of an Associate

We recorded share of profits of an associate of RMB0.5 million in 2024 and share of losses of RMB0.3 million in 2025, respectively, primarily due to a slight decline in the operating performance of Anhewei during the year.

Income Tax Expense

Our income tax expense decreased by 90.5% from RMB46.1 million in 2024 to RMB4.4 million in 2025, primarily due to a decrease in profit before tax from RMB346.3 million in 2024 to RMB219.3 million in 2025 and the corresponding decrease in current income tax expense from RMB46.4 million in 2024 to RMB28.9 million in 2025. The decrease in profit before tax was mainly attributable to higher shipping and tariff costs and increases in cost of major raw materials. In addition, we recognised deferred income tax credit of RMB24.5 million in 2025, as compared to deferred income tax credit of RMB0.3 million in 2024, which further reduced our income tax expense in 2025. This was mainly due to the recognition of deferred tax assets of RMB11.3 million arising from losses incurred by subsidiaries, and a further RMB11.3 million from increased asset-related government grants in 2025.

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Profit for the Year

As a result of the foregoing, our profit for the year decreased by 28.4% from RMB300.2 million in 2024 to RMB215.0 million, primarily due to the decrease in our gross profit, the change from other gains, net in 2024 to other losses, net in 2025, and the increase in our operating expenses and finance costs, which were partially offset by the increase in our other income and the decrease in impairment losses on financial assets and contract assets in 2025.

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

Revenue

Our revenue increased by 27.3% from RMB3,616.3 million in 2023 to RMB4,602.7 million in 2024, primarily driven by the increase in sales of our transformer equipment products, in particular new energy products, as well as lighting products and other products.

The increase in our revenue was also supported by growth in both domestic and overseas sales, with revenue from Chinese Mainland increasing from RMB2,635.0 million in 2023 to RMB3,245.6 million in 2024 and revenue from other countries/regions increasing from RMB981.3 million in 2023 to RMB1,357.1 million in 2024.

Our revenue generated from transformer equipment products increased by 29.1% from RMB2,626.6 million in 2023 to RMB3,390.2 million in 2024, primarily driven by the increase in sales of our new energy products and data center products. In particular, (i) revenue generated from new energy products increased by 35.0% from RMB1,953.2 million in 2023 to RMB2,636.3 million in 2024, primarily due to increase in energy storage and PV-related projects, as well as the commencement of production at our Anhui production base; (ii) revenue generated from data center products increased by 200.5% from RMB49.7 million in 2023 to RMB149.3 million in 2024, primarily due to increased domestic demand for data center transformer equipment driven by the continued expansion of data center construction in China, which led to higher sales volume; (iii) revenue generated from power distribution products remained relatively stable at RMB374.1 million in 2023 and RMB372.0 million in 2024; and (iv) revenue generated from industrial control products decreased by 6.8% from RMB249.6 million in 2023 to RMB232.6 million in 2024, primarily due to a decrease in market demand for certain industrial control products.

Our revenue generated from lighting products increased by 20.5% from RMB811.7 million in 2023 to RMB978.3 million in 2024, primarily due to the increase in overseas customer orders as a result of our continued expansion into overseas markets, while sales to domestic customers remained relatively stable.

Our revenue generated from other products increased by 31.5% from RMB178.0 million in 2023 to RMB234.1 million in 2024, primarily due to increased sales volume of car-mounted inductor products driven by the expansion of our customer base for this emerging product line.

Cost of Sales

Our cost of sales increased by 29.8% from RMB2,833.1 million in 2023 to RMB3,677.6 million in 2024, primarily due to the increase in sales of our new energy products and lighting products, which resulted in a corresponding increase in material costs, employee benefit expenses and transportation costs associated with these product lines. In particular, our materials costs increased from RMB2,504.8 million in 2023 to RMB3,173.9 million in 2024, mainly in line with the increase in our production and sales volume. Our employee benefit expenses increased from RMB178.8 million in 2023 to RMB254.5 million in 2024, primarily reflecting the expansion of our production scale. Our transportation costs also increased significantly from RMB37.2 million in 2023 to RMB115.0 million in 2024, mainly due to the increase in overseas shipments and logistics activities associated with our business expansion.

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Gross Profit and Gross Profit Margin

Our gross profit increased by 18.1% from RMB783.2 million in 2023 to RMB925.0 million in 2024, primarily because the increase in revenue from our transformer equipment products, in particular new energy products, more than offset the decrease in gross profit from our lighting products. Our gross profit margin decreased from 21.7% in 2023 to 20.1% in 2024, primarily due to (i) the decrease in gross profit margin of our lighting products as a result of intensified market competition and the resulting pricing pressure; and (ii) the decrease in gross profit margin of our data center products due to our adoption of a more competitive pricing strategy to capture market share during a period of rapid market expansion, which were partially offset by the increase in gross profit margin of our power distribution products as raw material costs as a percentage of revenue decreased and material loss in production was reduced.

Our gross profit generated from transformer equipment products increased by 25.5% from RMB543.2 million in 2023 to RMB681.7 million in 2024, primarily due to the increase in revenue from our new energy products and, to a lesser extent, data center products and power distribution products. Our gross profit margin of transformer equipment products decreased from 20.7% in 2023 to 20.1% in 2024, primarily because the gross profit margin of data center products decreased significantly from 22.0% in 2023 to 13.0% in 2024 as we adopted a more competitive pricing strategy to expand our market presence, and the gross profit margin of our new energy products slightly decreased from 19.3% in 2023 to 18.7% in 2024 due to our pricing concessions in response to intensified market competition and customer bargaining power. Such decrease was partially offset by the increase in gross profit margin of our power distribution products from 26.1% in 2023 to 31.0% in 2024 and the relatively stable gross profit margin of our industrial control products at 23.1% in 2023 and 23.4% in 2024.

Our gross profit generated from new energy products increased by 30.6% from RMB377.1 million in 2023 to RMB492.6 million in 2024, primarily due to the substantial increase in revenue from such products driven by continued growth in demand in the photovoltaic and energy storage markets and deeper cooperation with major customers. Our gross profit margin from new energy products decreased slightly from 19.3% in 2023 to 18.7% in 2024, as the benefit of increased sales scale was largely offset by continued raw material cost pressure and our pricing concessions in response to intensified market competition.

Our gross profit generated from data center products increased by 77.3% from RMB10.9 million in 2023 to RMB19.4 million in 2024, primarily due to the significant increase in revenue from such products. Our gross profit margin from data center products decreased from 22.0% in 2023 to 13.0% in 2024, primarily because we adopted a more competitive pricing strategy to capture market share amid the rapid expansion of data center construction.

Our gross profit generated from power distribution products increased by 18.1% from RMB97.5 million in 2023 to RMB115.2 million in 2024. Our gross profit margin from power distribution products increased from 26.1% in 2023 to 31.0% in 2024, primarily due to a more favorable cost structure, as raw material costs as a percentage of revenue decreased. Such improvement was mainly attributable to lower raw material prices in 2024 and reduced material loss achieved through our lean production initiatives.

Our gross profit generated from industrial control products decreased by 5.4% from RMB57.6 million in 2023 to RMB54.5 million in 2024, primarily due to a slight decrease in the average selling price of such products. Our gross profit margin remained relatively stable at 23.1% in 2023 and 23.4% in 2024, mainly because changes in the sales mix of various products, which resulted in fluctuations in the gross profit margin of such products in 2024.

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Our gross profit generated from lighting products decreased by 8.4% from RMB212.3 million in 2023 to RMB194.4 million in 2024. Our gross profit margin from lighting products decreased from 26.2% in 2023 to 19.9% in 2024. This was primarily because intensified competition in the lighting industry and the resulting pricing pressure led to a lower average selling price of our lighting products in 2024.

Our gross profit generated from other products increased by 76.0% from RMB27.8 million in 2023 to RMB48.9 million in 2024. Our gross profit margin from other products increased from 15.6% in 2023 to 20.9% in 2024, primarily due to increased sales of car-mounted inductor products as our incubation products began to scale up and customer base for such product line expanded.

Other Income

Our other income increased by 34.3% from RMB47.0 million in 2023 to RMB63.0 million in 2024, primarily due to (i) an increase in deferred government grants related to our capital expenditures and production expansion, and (ii) an increase in interest income from bank and time deposits, primarily generated from U.S. dollar deposits and cash balances.

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

Our net impairment losses on financial assets and contract assets increased by 34.0% from RMB12.8 million in 2023 to RMB17.2 million in 2024, primarily due to the expansion of our business and therefore the increase in the balance of trade receivables, contract assets and other receivables in 2024, leading to a higher expected credit loss provision according to our accounting policy.

Other (Losses)/Gains, Net

We recorded other losses, net of RMB14.4 million in 2023, as compared to other gains, net of RMB25.1 million in 2024, primarily because (i) in 2023, we recognised fair value losses on financial liabilities at FVTPL of RMB16.8 million in connection with performance compensation arrangements relating to Shenzhen DSTB; whereas (ii) in 2024, such fair value losses substantially decreased to RMB0.1 million, and we also recorded gains on disposals of property, plant and equipment of RMB13.7 million and net foreign exchange gains of RMB7.7 million.

Research and Development Expenses

Our research and development expenses remained stable at RMB185.8 million in 2023 and RMB191.2 million in 2024. Such stability reflected the combined effect of (i) an increase in employee benefit expenses from RMB64.0 million in 2023 to RMB67.7 million in 2024, research and developments testing costs from RMB9.2 million in 2023 to RMB19.6 million in 2024, and depreciation and amortisation from RMB5.4 million in 2023 to RMB11.3 million in 2024, primarily in connection with the advancement of our research and development projects and the increased use of testing and research equipment; and (ii) a decrease in materials costs from RMB104.5 million in 2023 to RMB83.1 million in 2024, which partially offset the foregoing increases.

General and Administrative Expenses

Our general and administrative expenses increased by 36.1% from RMB225.0 million in 2023 to RMB306.2 million in 2024, primarily due to (i) an increase in employee benefit expenses from RMB124.9 million in 2023 to RMB153.4 million in 2024 as a result of the expansion of our management and administrative team and an increase in share-based compensation expenses due to a higher amount of amortisation of restricted shares granted in 2024; (ii) an increase in professional and consulting fees from RMB21.8 million in 2023 to RMB33.3 million in 2024, primarily due to higher project-related advisory and consulting expenses; (iii) an increase in depreciation and amortisation from RMB16.9 million in 2023 to RMB23.2 million in 2024, which was in line with the expansion of our operations; and (iv) increases in office and travel expenses and utility charges in connection with our business expansion.

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Selling Expenses

Our selling expenses increased by 23.8% from RMB88.5 million in 2023 to RMB109.6 million in 2024, primarily due to (i) an increase in employee benefit expenses from RMB50.9 million in 2023 to RMB67.1 million in 2024 as a result of the expansion of our sales team and business activities; (ii) an increase in office and travel expenses from RMB11.6 million in 2023 to RMB13.9 million in 2024, which was in line with our increased marketing and customer acquisition activities; and (iii) an increase in insurance expenses from RMB2.9 million in 2023 to RMB5.6 million in 2024, primarily due to higher export insurance expenses associated with the growth of our overseas sales.

Finance costs

Our finance costs increased by 81.8% from RMB23.8 million in 2023 to RMB43.2 million in 2024, primarily due to (i) an increase in interest expenses on bank borrowings from RMB23.0 million in 2023 to RMB40.7 million in 2024, as we increased our borrowings to support our business expansion, production capacity expansion and working capital needs; and (ii) an increase in interest expenses on lease liabilities from RMB0.8 million in 2023 to RMB2.5 million in 2024, primarily due to an increase in leased properties used in our operations.

Share of Result of an Associate

We incurred share of losses of an associate, net of RMB53.8 million in 2023 and recorded a share of profits of an associate, net of RMB0.5 million in 2024, primarily due to an improvement in the operating results of Anhewei.

Income Tax Expenses

Our income tax expense increased by 398.8% from RMB9.2 million in 2023 to RMB46.1 million in 2024, primarily due to an increase in profit before tax from RMB226.1 million in 2023 to RMB346.3 million in 2024 and the corresponding increase in current income tax expense from RMB27.7 million in 2023 to RMB46.4 million in 2024. In 2023, our income tax expense was relatively lower because it was partially offset by deferred income tax credit of RMB18.4 million, whereas such offset was immaterial in 2024, with deferred income tax credit of RMB0.3 million.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 38.4% from RMB216.8 million in 2023 to RMB300.2 million in 2024 primarily due to (i) the increase in our gross profit resulting from the expansion of our business; (ii) the change from other losses, net in 2023 to other gains, net in 2024; and (iii) the significant improvement in the share of results of our associate, which were partially offset by the increases in general and administrative expenses, selling expenses, finance costs and income tax expense in 2024.

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DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets out the selected information from our combined statements of financial position:

	2023	As at December 31 2024	2025	As at June 30 2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES				
Property, plant and equipment	1,223,625	2,774,152	4,098,348	4,055,146
Right-of-use assets	84,137	141,798	152,777	146,066
Intangible assets	43,445	55,750	67,620	68,877
Investment in an associate	18,772	19,229	18,971	15,641
Goodwill	37,249	37,249	49,750	49,750
Time deposits	49,636	—	—	—
Financial assets at fair value through other comprehensive income	1,000	1,264	20,356	25,353
Other financial assets	30,000	23,139	18,880	18,880
Prepayments, other receivables and other assets	104,154	91,695	8,310	44,745
Deferred income tax assets	48,652	45,192	71,734	105,397
	<u>1,640,670</u>	<u>3,189,468</u>	<u>4,506,746</u>	<u>4,529,855</u>
Current assets				
Inventories	483,834	733,986	957,751	998,872
Trade and notes receivables	1,338,054	2,093,280	1,780,889	1,661,123
Contract assets	154,393	214,106	246,958	256,210
Prepayments, other receivables and other assets	98,616	282,069	441,549	651,773
Prepaid income tax	1,364	1,066	4,487	11,826
Financial assets at fair value through profit or loss	531,285	—	1,147	2,570
Financial assets at fair value through other comprehensive income	309,416	55,109	150,359	322,952
Restricted bank deposits	34,272	194,090	221,075	275,547
Time deposits	74,590	97,589	21,634	17,746
Cash and cash equivalents	634,440	551,848	768,255	1,484,069
	<u>3,660,264</u>	<u>4,223,143</u>	<u>4,594,104</u>	<u>5,682,688</u>

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	As at December 31			As at
	2023	2024	2025	June 30
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Financial liabilities at fair value through profit or loss	16,760	—	1,135	2,025
Trade and notes payables	1,232,091	1,112,180	1,709,955	1,542,909
Contract liabilities	22,105	29,858	53,037	182,168
Other payables and accruals	292,910	565,965	716,631	671,009
Bank borrowings	252,129	1,188,058	1,578,422	1,660,854
Liabilities under supplier finance arrangement	72,887	599,640	510,141	505,651
Lease liabilities	8,120	25,652	30,138	35,893
Income tax payable	23,119	12,351	23,208	32,331
	<u>1,920,121</u>	<u>3,533,704</u>	<u>4,622,667</u>	<u>4,632,840</u>
Net current assets	<u>1,740,143</u>	<u>689,439</u>	<u>(28,563)</u>	<u>1,049,848</u>
Total assets less current liabilities	<u>3,380,813</u>	<u>3,878,907</u>	<u>4,478,183</u>	<u>5,579,703</u>
Non-current liabilities				
Other payables and accruals	53,910	110,978	157,452	153,647
Borrowings	196,026	470,600	440,056	1,567,963
Lease liabilities	6,970	50,991	40,695	44,577
Deferred income tax liabilities	14,148	10,405	12,422	11,357
	<u>271,054</u>	<u>642,974</u>	<u>650,625</u>	<u>1,777,544</u>
Net assets	<u>3,109,759</u>	<u>3,235,933</u>	<u>3,827,558</u>	<u>3,802,159</u>
EQUITY				
Share capital	391,320	392,205	423,206	422,583
Treasury shares	(33,772)	(109,060)	(72,394)	(56,233)
Reserves	<u>2,738,347</u>	<u>2,925,946</u>	<u>3,436,871</u>	<u>3,391,512</u>
Equity attributable to owners of the Company	3,095,895	3,209,091	3,787,683	3,757,862
Non-controlling interests	<u>13,864</u>	<u>26,842</u>	<u>39,875</u>	<u>44,297</u>
Total equity	<u>3,109,759</u>	<u>3,235,933</u>	<u>3,827,558</u>	<u>3,802,159</u>

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Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment consisted of (i) properties and buildings; (ii) machinery; (iii) transportation equipment; (iv) electronic equipment and other equipment; (v) building, machinery and leasehold improvements; (vi) construction in progress; and (vii) freehold lands. The following table sets forth a breakdown of our property, plant and equipment for each year/period indicated:

	Year ended December 31			Six Months Ended
	2023	2024	2025	June 30, 2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties and buildings	540,070	768,002	1,605,069	1,690,913
Machinery	323,249	527,666	1,052,432	1,225,802
Transportation equipment	5,913	11,090	12,351	12,523
Electronic equipment and other equipment	36,884	56,208	77,261	80,074
Leasehold improvements	4,140	7,831	7,331	7,618
Construction in progress	313,369	1,377,222	1,242,450	942,534
Freehold lands	—	26,133	101,454	95,682
Total	<u>1,223,625</u>	<u>2,774,152</u>	<u>4,098,348</u>	<u>4,055,146</u>

Our property, plant and equipment were RMB1,223.6 million, RMB2,774.2 million, RMB4,098.3 million and RMB4,055.1 million as of December 31, 2023, 2024, 2025 and June 30, 2026. The increase was primarily due to our continued business expansion during the Track Record Period, including the construction, addition and gradual commencement of production bases Anhui, Jiangxi, Thailand, the United States and Mexico. As a result, our properties and buildings, machinery and other production-related assets increased accordingly to support the expansion of our manufacturing operations.

Right-of-use Assets

During the Track Record Period, our right-of-use assets were primarily related to buildings and land use rights. Our right-of-use assets increased from RMB84.1 million as at December 31, 2023 to RMB141.8 million as of December 31, 2024, and further to RMB152.8 million as of December 31, 2025, primarily attributable to the continuous expansion of our global business operations which required additional leased properties for production, R&D, and administration, partially offset by the regular depreciation of such assets. In particular, our leased assets increased in 2024 due to the leasing of new overseas production facilities in the United States, Thailand and Malaysia, and further increased in 2025 as we continued to lease premises and related assets for production, office, research and development and accommodation. Subsequently, our right-of-use assets decreased to RMB146.1 million as of June 30, 2026, primarily due to the disposal of a subsidiary during the period.

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	2023	As at December 31	2025	As at
	RMB'000	2024	RMB'000	June 30,
		RMB'000	RMB'000	2026
				RMB'000
Buildings	13,973	73,213	66,676	74,319
Land use rights	<u>70,164</u>	<u>68,585</u>	<u>86,101</u>	<u>71,747</u>
Total	<u><u>84,137</u></u>	<u><u>141,798</u></u>	<u><u>152,777</u></u>	<u><u>146,066</u></u>

Intangible Assets

During the Track Record Period, our intangible assets consisted of proprietary technology and software. Our intangible assets increased from RMB43.4 million as of December 31, 2023 to RMB55.8 million as of December 31, 2024, to RMB67.6 million as of December 31, 2025 and further to RMB68.9 million as of June 30, 2026, primarily due to (i) our increased investments in software, digitization and intelligent system upgrades, and (ii) the procurement of supporting software systems required for the construction and expansion of our new operational bases. In particular, as our product offerings increased and our production scale expanded during the Track Record Period, the number of product-related patents also increased, which contributed to the increase in our intangible assets.

	2023	As at December 31	2025	As at
	RMB'000	2024	RMB'000	June 30,
		RMB'000	RMB'000	2026
				RMB'000
Patent rights	4,959	3,792	3,803	3,113
Software	<u>38,486</u>	<u>51,958</u>	<u>63,817</u>	<u>65,764</u>
Total	<u><u>43,445</u></u>	<u><u>55,750</u></u>	<u><u>67,620</u></u>	<u><u>68,877</u></u>

Investments in an Associate

During the Track Record Period, our investments in an associate consisted of unlisted equity investments in Anhewei. Our investments in an associate slightly increased from RMB18.8 million as of December 31, 2023 to RMB19.2 million as of December 31, 2024, primarily driven by our proportionate share of Anhewei’s positive operating performance. Subsequently, our investments in an associate decreased to RMB19.0 million as of December 31, 2025, and further decreased to RMB15.6 million as of June 30, 2026. Such consecutive decreases were primarily attributable to our proportionate share of the continued operating losses incurred by Anhewei during these periods.

Goodwill

Our goodwill remained stable at RMB37.2 million as of December 31, 2023 and 2024, which primarily represented goodwill arising from our prior acquisition of a non-wholly-owned subsidiary in Shenzhen. Our goodwill increased from RMB37.2 million as of December 31, 2024 to RMB49.8 million as of December 31, 2025, primarily due to the goodwill recognized in connection with our new acquisition of a non-wholly-owned subsidiary in Jiangxi in July 2025, which resulted in goodwill of approximately RMB12.5 million. Our goodwill remained stable at RMB49.8 million as of December 31, 2025 and June 30, 2026.

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Financial Assets at Fair Value through Other Comprehensive Income and Other Financial Assets

During the Track Record Period, our current financial assets at FVTOCI primarily represented notes receivables measured at FVTOCI. Our non-current financial assets at FVTOCI primarily represented equity investments at fair value.

The following table sets out a breakdown of our financial assets at FVTOCI as of the dates indicated:

	2023	As at December 31 2024	2025	As at June 30, 2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current:				
— Notes receivables measured at FVTOCI	309,416	55,109	150,359	322,952
Non-current:				
— Unlisted equity investments at FVTOCI	1,000	1,264	20,356	25,353
— Other financial assets	30,000	23,139	18,880	18,880

Our current financial assets at FVTOCI decreased from RMB309.4 million as of December 31, 2023 to RMB55.1 million as of December 31, 2024, and then increased to RMB150.4 million as of December 31, 2025, and further increased to RMB323.0 million as of June 30, 2026. Such fluctuation was primarily attributable to differences in the credit quality and transferability of notes received from customers during the relevant years, which resulted in different classifications of such notes in our consolidated statements of financial position. In particular, a larger portion of notes received from customers was classified as trade and notes receivables as of December 31, 2024, whereas a larger portion was classified as current financial assets at FVTOCI as of December 31, 2025. The further increase as of June 30, 2026 was primarily due to an increase in high-credit-rating bank acceptance notes received for trade settlements.

Our non-current unlisted equity investments at FVTOCI and other financial assets were RMB31.0 million, RMB24.4 million, RMB39.2 million and RMB44.2 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. The decrease from 2023 to 2024 was primarily due to the partial disposal of other financial assets, resulting in dividend distributions and the recovery of a portion of the investment principal. The increase from 2024 to 2025 was primarily attributable to the addition of unlisted equity investments at FVTOCI, which was partially offset by a further decrease in other financial assets. The increase from 2025 to June 30, 2026 was due to upward fair value adjustments of our unlisted equity investments at FVTOCI.

Investment Policies and Internal Control Measures for Financial Assets Measured at fair value through profit or loss

During the Track Record Period, our current financial assets measured at FVTPL comprised bank wealth management products and structured deposits and forward foreign exchange contracts. As at December 31, 2023, 2024, 2025 and June 30, 2026, our current financial assets measured at FVTPL amounted to RMB531.3 million, nil, RMB1.1 million and RMB2.6 million, respectively.

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In respect of our investment policies and strategies, we generally adopt a prudent approach and primarily invest in short-term wealth management products with relatively low risk and high liquidity, taking into account our cash management needs, expected return, liquidity requirements and funding needs for our principal business operations. We are prohibited under our internal policies from investing in high-risk financial products, such as stocks and their derivatives, funds and futures. Our finance department is primarily responsible for the preliminary review, assessment and monitoring of such investments, including reviewing the product type, issuer, investment term, expected return, redemption arrangement and associated risks. Our management team has rich experience in corporate management, financial management and internal control matters, which supports the implementation and monitoring of our investment policies and procedures. We have adopted a tiered approval mechanism for investments in financial assets measured at FVTPL. The annual investment limit and investment period are subject to prior approval by the Board and, where applicable, the Shareholders’ general meeting in accordance with our internal approval procedures. After the [REDACTED], any investment in financial assets measured at FVTPL will be subject to the applicable requirements under the Listing Rules, including Chapter 14 of the Listing Rules where applicable.

Inventories

During the Track Record Period, our inventories consisted of (i) raw materials, (ii) work in progress, (iii) merchandise inventory; and (iv) goods in transit.

The following table sets out a breakdown of our inventories as of the dates indicated:

		As at December 31			As at
	2023	2024	2025	2026	
	RMB’000	RMB’000	RMB’000	RMB’000	
Raw materials	121,616	181,780	223,650	371,465	
Work in progress	57,682	99,937	98,693	157,982	
Finished goods	143,503	333,340	389,638	472,077	
Goods in transit	181,813	142,134	269,654	34,361	
	504,614	757,191	981,635	1,035,885	
Less: provision for impairment	(20,780)	(23,205)	(23,884)	(37,013)	
	<u>483,834</u>	<u>733,986</u>	<u>957,751</u>	<u>998,872</u>	

Our inventories increased from RMB483.8 million as of December 31, 2023 to RMB734.0 million as of December 31, 2024, to RMB957.8 million as of December 31, 2025, and further to RMB998.9 million as of June 30, 2026 primarily as we actively scaled up our inventory in response to our expanded production scale, growing sales orders, expanded product lines and work in progress. In particular, from 2023 to 2025 raw materials increased as our production scale expanded and our product offerings became more diversified, finished goods increased as we built up inventory in line with revenue growth, and goods in transit increased as a result of the increase in sales orders during the Track Record Period. As of June 30, 2026, a decrease in goods in transit was primarily because the goods in transit as of the end of 2025 had subsequently met the criteria for revenue recognition.

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

	As at December 31			As at
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
Within 1 year	491,508	744,161	961,474	1,007,784
Over 1 year but within 2 years	6,503	9,055	19,081	25,386
Over 2 years	<u>6,603</u>	<u>3,975</u>	<u>1,080</u>	<u>2,715</u>
	<u>504,614</u>	<u>757,191</u>	<u>981,635</u>	<u>1,035,885</u>

The increase in inventories aged over one year but within two years from RMB9.1 million as of December 31, 2024, to RMB19.1 million as of December 31, 2025 and further to RMB25.4 million as of June 30, 2026 was mainly caused by an increase in finished goods and raw materials. The increase in finished goods was mainly attributable to the timing of delivery arrangements for a customer where deliveries were scheduled more prudently according to our assessment on the creditability of the customer, the Group's active backup of certain inventory and certain R&D prototypes for a customer, resulting in a relatively longer holding period of the relevant inventories. The increase in raw materials was mainly attributable to our strategic procurement and inventory planning for certain key raw materials with relatively longer procurement cycles and potential price fluctuations, in order to ensure stable production and timely fulfillment of customer orders.

The following table sets out our inventories turnover days for the Track Record Period:

	As at December 31			As at
	2023	2024	2025	June 30,
				2026
Inventories turnover days ⁽¹⁾	<u>54.0</u>	<u>59.6</u>	<u>70.9</u>	<u>81.5</u>

Note:

- (1) Inventories turnover days for each year/period equals the average of the beginning and ending balance of inventory for that year/period divided by the corresponding cost of sales for the relevant year/period, multiplied by the number of days during such year/period, which is 360/180 days for each year/period.

Our inventories turnover days increased from 54.0 days in 2023, to 59.6 days in 2024, to 70.9 days in 2025, primarily due to we stocked more finished goods in anticipation of the scaling up of our sale. Our inventories turnover days further increased to 81.5 days as at June 30, 2026, primarily because our inventory growth outpaced cost of sales due to seasonal inventory accumulation for higher anticipated sales in the third and fourth quarters.

As of July 31, 2026, RMB474.4 million, or 45.8% of our inventories as of December 31, 2025 had been used, consumed or sold.

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Trade and Notes Receivables

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

		As at December 31		As at
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Trade receivables	1,237,862	1,843,433	1,758,342	1,544,645
Notes receivables	<u>127,998</u>	<u>291,923</u>	<u>66,410</u>	<u>163,858</u>
	1,365,860	2,135,356	1,824,752	1,708,503
Less: ECL allowance	<u>(27,806)</u>	<u>(42,076)</u>	<u>(43,863)</u>	<u>(47,380)</u>
Trade and notes receivables, net	<u><u>1,338,054</u></u>	<u><u>2,093,280</u></u>	<u><u>1,780,889</u></u>	<u><u>1,661,123</u></u>

During the Track Record Period, our trade receivables increased from RMB1,237.9 million as of December 31, 2023 to RMB1,843.4 million as of December 31, 2024, primarily due to higher sales in the fourth quarter of 2024 and the credit terms granted to certain customers. Our trade receivables then decreased to RMB1,758.3 million as of December 31, 2025, primarily because customer repayments accelerated during 2025, particularly from certain key customers, and a substantial portion of the balances outstanding as of December 31, 2024 was subsequently settled. Our trade receivables further decreased to RMB1,544.6 million as of June 30, 2026, primarily due to accelerated payment collections.

During the Track Record Period, our notes receivables increased from RMB128.0 million as of December 31, 2023 to RMB291.9 million as of December 31, 2024, primarily due to the increase in revenue, which resulted in a higher balance of notes receivables. Our notes receivables then decreased to RMB66.4 million as of December 31, 2025, primarily because a substantial portion of notes receivables matured and were settled during 2025. In addition, differences in the credit quality and transferability of notes received from customers during the relevant years resulted in certain notes being classified as current financial assets at FVTOCI as of December 31, 2025. Our notes receivables further increased to RMB163.9 million as of June 30, 2026, primarily due to an increase in notes received that had not yet matured for settlement during the period.

The following table sets out an aging analysis of our trade receivables based on recognition date as of the dates indicated:

		As at December 31		As at
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Within 6 months	1,198,152	1,768,723	1,615,061	1,254,732
Over 6 months to 1 year	27,674	65,495	124,754	258,879
Over 1 year but within 2 years	11,971	3,941	16,956	29,463
Over 2 years but within 3 years	—	5,272	1,571	—
Over 3 years	<u>65</u>	<u>2</u>	<u>—</u>	<u>1,571</u>
	<u><u>1,237,862</u></u>	<u><u>1,843,433</u></u>	<u><u>1,758,342</u></u>	<u><u>1,544,645</u></u>

The credit term granted to customers is generally within 180 days.

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The following table sets out our trade and notes receivables turnover days for the Track Record Period:

	2023	As at December 31 2024	2025	As at June 30, 2026
Trade and notes receivables turnover days ⁽¹⁾	<u>124.6</u>	<u>134.2</u>	<u>133.7</u>	<u>116.4</u>

Note:

- (1) Trade and notes receivables turnover days for each year/period equals the average of the beginning and ending balance of trade and notes receivables for that year/period divided by the corresponding total revenue for the relevant year/period, multiplied by the number of days during such year/period, which is 360/180 days for each year/period.

Our trade and notes receivables turnover days were 124.6 days, 134.2 days, 133.7 days and 116.4 days in 2023, 2024, 2025, and for the six months ended June 30, 2026, respectively. Our trade and notes receivables turnover days were relatively lower in 2023 compared with subsequent years, primarily due to higher revenue growth during the year, which resulted in a lower average receivables balance relative to revenue. The decrease in trade and notes receivables turnover days for the six months ended June 30, 2026 was primarily attributable to accelerated customer collections. Our trade and notes receivables turnover days during the Track Record Period had a corresponding impact on our contract assets, as they generally extended the time required for contract assets to be converted into trade receivables and ultimately into cash, thereby increasing working capital tied up in such balances. Although the trade and notes receivables turnover days in 2024 and 2025 indicated that the deterioration in the collection cycle had generally stabilized, we are still required to adopt a prudent approach in assessing impairment provisions for contract assets under the expected credit loss model. Taking into account contract assets, our trade and notes receivables turnover days would have been 136.1 days, 148.6 days, 149.7 days and 133.4 days in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively.

As of July 31, 2026, RMB434.3 million, or 25.4% of trade and notes receivables as of June 30, 2026 had been settled. As of the same date, RMB453.3 million, or 23.0% of our contract assets as of June 30, 2026, had been subsequently certified.

Restricted Bank Deposits

During the Track Record Period, our restricted bank deposits consisted of (i) pledged bank deposits for bank acceptance notes and letters of guarantee; and (ii) bank deposits frozen due to litigation.

The following table sets out a breakdown of our restricted bank deposits as of the dates indicated:

	2023 RMB'000	As at December 31 2024 RMB'000	2025 RMB'000	As at June 30, 2026 RMB'000
Pledged bank deposits for bank acceptance notes and letters of guarantee	28,378	193,316	188,643	267,035
Bank deposits frozen due to litigation ⁽¹⁾	<u>5,894</u>	<u>774</u>	<u>32,432</u>	<u>8,512</u>
Total	<u>34,272</u>	<u>194,090</u>	<u>221,075</u>	<u>275,547</u>

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Notes:

- (1) Relevant litigations resulted in frozen bank deposits as at June 30, 2026 include the following cases -
- (a) In December 2025, one of our bank accounts was frozen in the amount of RMB8.5 million as a result of a lawsuit filed by Zhuhai Jingdeshun Technology Co., Ltd. (珠海景德順科技有限公司) (“**Jingdeshun**”) against us. This dispute arose from our decision to withhold payment to Jingdeshun on the grounds of its quality and integrity concerns identified during our audit, which remain unresolved between the parties. The frozen amount is expected to remain restricted until the conclusion of the relevant legal proceedings.
- (b) On September 27 2025, Zhejiang Haide Smart Energy Co., Ltd. (浙江海得智慧能源有限公司) (“**Zhejiang Haide**”) filed a lawsuit against one of our wholly owned subsidiaries, namely, Foshan Shunde Eaglerise and us, on the grounds that the products delivered by Foshan Shunde Eaglerise allegedly failed to meet the contractual quality requirements. In connection with this case, a bank account of Foshan Shunde Eaglerise was frozen in the amount of RMB23.9 million. We disputed Zhejiang Haide’s claims. The parties reached a settlement and we agreed to replace the allegedly defective products with new equipment. The replacement products were fully delivered to the project site as agreed. Zhejiang Haide has withdrawn the actions and the Haide Civil Litigation has been concluded on March 17, 2026 and accordingly, the amount has been released.
- (c) As of December 31, 2025, the Group had made a provision of RMB9.1 million in respect of the compensation related to the litigation filed by Zhejiang Haide. Save for this, no other provision had been made as of December 31, 2025 in respect of compensation related to the litigations resulting in the bank deposits frozen due to litigation.

Our restricted bank deposits increased from RMB34.3 million as of December 31, 2023 to RMB194.1 million as of December 31, 2024, primarily due to a significant increase in pledged bank deposits for bank acceptance notes and letters of guarantee. Our restricted bank deposits further increased to RMB221.1 million as of December 31, 2025, mainly due to the continued placement of pledged bank deposits for bank acceptance notes and letters of guarantee, together with an increase in bank deposits frozen due to litigation. Our restricted bank deposits increased to RMB275.5 million as at June 30, 2026, mainly due to an increase in security deposits for bank acceptance notes and letters of guarantee corresponding to our growing banking activities, which was partially offset by a decrease in litigation-related frozen funds to RMB8.5 million, following the release of RMB23.9 million upon the settlement of a commercial dispute with Zhejiang Haide in March 2026.

Trade and Notes Payables

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

	As at December 31			As at
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
Trade payables	1,032,181	1,072,257	1,239,597	1,152,704
Notes payables	199,910	39,923	470,358	390,205
	<u>1,232,091</u>	<u>1,112,180</u>	<u>1,709,955</u>	<u>1,542,909</u>

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Our trade payables increased from RMB1,032.2 million as of December 31, 2023 to RMB1,072.3 million as of December 31, 2024, primarily due to increased purchases from suppliers and a decrease in the use of notes payables for supplier settlements, which resulted in a larger portion of supplier balances being recorded as trade payables. Our trade payables increased to RMB1,239.6 million as of December 31, 2025, mainly due to the increase in payables for goods and equipment in line with the expansion of our production and manufacturing. Our trade payables decreased to RMB1,152.7 million as at June 30, 2026, mainly due to improved operating cash flows from higher sales collections in the second quarter of 2026, which allowed us to settle outstanding trade payables.

Our notes payables decreased from RMB199.9 million as of December 31, 2023 to RMB39.9 million as of December 31, 2024, mainly due to the decrease in the use of notes payables for supplier settlements during the year. Our notes payables then increased to RMB470.4 million as of December 31, 2025, primarily due to the increase in the use of notes payables for settling payments to our suppliers. Our notes payables decreased to RMB390.2 million as at June 30, 2026, mainly due to the settlement of acceptance bills upon their maturity during the period.

The following table sets out an aging analysis of our trade payables based on recognition date as of the dates indicated:

	As at December 31			As at
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Within 1 year	1,027,911	1,061,684	1,138,429	1,139,520
Over 1 year but within 2 years	1,564	6,923	100,703	13,145
Over 2 years but within 3 years	2,008	1,535	140	15
Over 3 years	698	2,115	325	24
	<u>1,032,181</u>	<u>1,072,257</u>	<u>1,239,597</u>	<u>1,152,704</u>

The credit term granted by suppliers is generally within 180 days.

The following table sets out our trade and notes payables turnover days for the Track Record Period:

	As at December 31			As at
	2023	2024	2025	June 30,
				2026
Trade and notes payables turnover days ⁽¹⁾	<u>126.0</u>	<u>114.7</u>	<u>118.2</u>	<u>135.5</u>

Note:

- (1) Trade and notes payables turnover days for each year/period equals the average of the beginning and ending balance of trade and notes payables for that year/period divided by the corresponding cost of sales for the relevant year/period, multiplied by the number of days during such year/period, which is 360/180 days for each year/period.

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Our trade and notes payables turnover days were 126.0 days, 114.7 days, 118.2 days and 135.5 days in 2023, 2024, 2025 and as at June 30, 2026, respectively. Our trade and notes payables turnover days increased in 2025, primarily because the average balance of our trade and notes payables increased at a faster pace than our cost of sales during the year, mainly due to the increase in payables for goods in connection with our business expansion. The further increase in our trade and notes payables turnover days for the six months ended June 30, 2026 was primarily attributable to an increased use of acceptance notes to settle with suppliers.

As of July 31, 2026, RMB371.1 million, or 24.1% of trade and notes payables as of June 30, 2026 had been settled.

Contract Liabilities

During the Track Record Period, our contract liabilities consisted of advance payments from customers.

The following table sets out a breakdown of our contract liabilities as of the dates indicated:

	As at December 31			As at
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Advance payments from customers	22,105	29,858	53,037	182,168

Our contract liabilities increased from RMB22.1 million as at December 31, 2023 to RMB29.9 million as at December 31, 2024, to RMB53.0 million as at December 31, 2025 and further increased to RMB182.2 million as at June 30, 2026, mainly due to an increase in advance payments from customers during the years.

As of July 31, 2026, RMB113.1 million, or 62.1% of contract liabilities as of June 30, 2026 had been recognized as revenue.

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our non-current prepayments, other receivables and other assets mainly comprised (i) prepayments for construction/equipment; (ii) prepayments for land use right; and (iii) others. Our current prepayments, other receivables and other assets mainly comprised (i) other receivables, including deposits and guarantees, export tax rebate receivable, government tax refunds receivable and others; (ii) prepayments for materials and service; and (iii) VAT recoverable.

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

	2023	As at December 31	2025	As at
	RMB'000	2024	RMB'000	June 30,
		RMB'000		2026
			RMB'000	RMB'000
Prepayments for acquisition of property, plant and equipment and intangible assets	89,124	82,284	8,310	44,745
Prepayments for acquisition of land use right	3,601	9,411	—	—
Receivable from disposal of land use right in prior year	11,429	—	—	—
	<u>104,154</u>	<u>91,695</u>	<u>8,310</u>	<u>44,745</u>
Current				
Other receivables				
— Deposits	11,656	15,565	14,530	34,549
— Export tax rebate receivables	4,848	10,061	2,181	4,330
— Government tax refunds receivables	11,841	5,921	—	—
— Receivable from disposal of land use right in prior year	—	7,025	3,280	255
— Advance freight charges on behalf of customer	—	—	6,918	3,660
— Others	8,614	10,713	9,912	11,316
	<u>36,959</u>	<u>49,285</u>	<u>36,821</u>	<u>54,110</u>
Less: ECL allowance	<u>(3,261)</u>	<u>(4,708)</u>	<u>(3,575)</u>	<u>(5,084)</u>
	33,698	44,577	33,246	49,026
Prepayment for materials and service	19,569	14,541	14,143	122,192
Value Added Tax (“VAT”) recoverable	43,004	214,808	379,504	447,906
Deferred [REDACTED]	—	—	6,559	18,773
Others	2,345	8,143	8,097	13,876
	<u>98,616</u>	<u>282,069</u>	<u>441,549</u>	<u>651,773</u>

Our non-current prepayments, other receivables and other assets decreased from RMB104.2 million as of December 31, 2023 to RMB91.7 million as of December 31, 2024, mainly due to the completion and transfer of certain construction in progress to property, plant and equipment and the partial recovery of the proceeds receivable from the disposal of property assets in Foshan, with the remaining balance reclassified to other receivables. Our non-current prepayments, other receivables and other assets further decreased to RMB8.3 million as of December 31, 2025, mainly due to the transfer of prepaid property, plant and equipment costs in Thailand to property, plant and equipment. Our non-current prepayments, other receivables and other assets increased to RMB44.7 million as of June 30, 2026, mainly due to an increase in prepayments for production equipment and software.

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Our current prepayments, other receivables and other assets increased from RMB98.6 million as of December 31, 2023 to RMB282.1 million as of December 31, 2024, and further to RMB441.5 million as of December 31, 2025, mainly due to increases in prepayments for materials and other current assets in line with the expansion of our production scale and business operations as well as an increase in other current assets resulting from higher deductible input VAT associated with payments for equipment and construction works. Our current prepayments, other receivables and other assets increased to RMB651.8 million as of June 30, 2026, mainly due to an increase in deductible VAT along with revenue growth.

As of July 31, 2026, RMB10.6 million, or 4.8% of our prepayments and other receivables as of June 30, 2026 had been subsequently settled.

Other Payables and Accruals

During the Track Record Period, our non-current other payables and accruals consisted of (i) deferred income; and (ii) provision for share repurchase payments. Our current other payables and accruals consisted of (i) dividends payable; (ii) accrued expenses; (iii) restricted share repurchase obligation; (iv) endorsed notes receivables that have not been derecognized and were not yet due; (v) deposits and security deposits; (vi) employee benefits payables; (vii) other tax liabilities; (viii) construction and equipment payables; and (ix) others.

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

	2023	As at December 31 2024	2025	As at June 30, 2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current				
Deferred income	53,910	80,978	125,196	120,641
Redemption liabilities	—	30,000	32,256	33,006
	<u>53,910</u>	<u>110,978</u>	<u>157,452</u>	<u>153,647</u>
Current				
Dividends payable	959	1,433	1,433	1,245
Accrued expenses	15,257	25,858	86,058	59,921
Payable for expenses advanced by customers	—	—	—	58,052
Restricted share repurchase obligation	33,772	66,047	29,380	13,219
Endorsed notes receivables that have not been derecognised and not yet due	61,966	162,216	13,608	30,853
Deposits and security deposits received	8,424	7,101	17,819	10,002
Payroll and welfare payables	88,467	100,124	110,354	58,539
Other tax payables	14,931	9,042	16,551	15,543
Payables for acquisition of property, plant and equipment	54,927	179,926	429,737	411,724
Others	14,207	14,218	11,691	11,911
	<u>292,910</u>	<u>565,965</u>	<u>716,631</u>	<u>671,009</u>

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Our non-current other payables and accruals increased from RMB53.9 million as of December 31, 2023 to RMB111.0 million as of December 31, 2024, to RMB157.5 million as of December 31, 2025 and further decreased to RMB153.6 million as at June 30, 2026. This increase was primarily attributable to: (i) an increase in the unamortized amount of government grants; and (ii) an increase in interest accrued in respect of special rights granted to minority shareholders of subsidiaries. The slight decrease as of June 30, 2026 was primarily due to the amortisation of asset-related government grants by certain of our subsidiaries during the period.

Our current other payables and accruals increased from RMB292.9 million as of December 31, 2023 to RMB566.0 million as of December 31, 2024. This increase was primarily due to: (i) the recognition of repurchase obligations in connection with new restricted shares granted in 2024; (ii) an increase in endorsed but not derecognized and unmatured notes receivable; and (iii) an increase in construction-related payments for our domestic and overseas production facilities. Subsequently, our current other payables and accruals increased to RMB716.6 million as of December 31, 2025, mainly as a result of an increase in payables for the acquisition of fixed assets, intangible assets and other long-term assets, primarily relating to factories and equipments, and an increase in accrued expenses, partially offset by the decrease in endorsed but not derecognized and unmatured notes receivable and the decrease in repurchase obligations in connection with restricted shares. Our current other payables and accruals decreased to RMB671.0 million as at June 30, 2026, mainly due to a decrease in the provision for year-end bonuses.

As of July 31, 2026, RMB144.3 million, or 17.5% of our other payables and accruals as of June 30, 2026 had been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

The table below sets forth the selected cash flow data from the consolidated statements of cash flows for the years indicated. This information should be read together with the consolidated financial information contained in the Accountants’ Report in Appendix I to this Document.

	Year ended December 31			Six Months ended June 30	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net cash flows generated from operating activities	173,416	179,449	640,522	90,377	(22,775)
Net cash flows used in investing activities	(1,031,059)	(1,121,600)	(1,228,992)	(507,107)	(178,646)
Net cash flows generated from financing activities	1,149,930	877,523	815,036	579,791	946,699
Net increase/(decrease) in cash and cash equivalents	292,287	(64,628)	226,566	163,061	745,278
Cash and cash equivalents at beginning of year	336,192	634,440	551,848	551,848	768,255
Effect of foreign exchange rate changes, net	5,961	(17,964)	(10,159)	9,167	(29,464)
Cash and cash equivalents at end of year	634,440	551,848	768,255	724,076	1,484,069

Net Cash Flows Generated from Operating Activities

For the six months ended June 30, 2026, our net cash flows used in operating activities was RMB22.8 million. The difference between our net cash flows generated from operating activities and our profit before tax of RMB119.9 million was primarily attributable to (i) adjustments for non-cash and non-operating items, mainly including depreciation of property, plant and equipment of RMB101.9 million, finance costs of RMB33.3 million, provision for impairment of inventories of RMB23.5 million, depreciation of right-of-use assets of RMB21.9 million, net foreign exchange losses of RMB25.7 million, and amortisation of intangible assets of RMB5.4 million; and (ii)

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changes in working capital, primarily including (a) an increase in prepayments, deposits, other receivables and notes receivables measured at fair value through other comprehensive income of RMB264.6 million, (b) a decrease in trade and notes payables of RMB167.0 million, mainly because we utilized improved cash flows from sales collections to settle outstanding trade payables, (c) an increase in restricted bank deposits of RMB53.2 million, (d) an increase in inventories of RMB64.6 million, mainly due to advance material preparation and finished goods stocking to match the growth of domestic and overseas orders, (e) a decrease in other payables and accruals of RMB8.0 million, and (f) an increase in contract assets of RMB11.3 million, which were partially offset by (g) an increase in contract liabilities of RMB129.1 million, primarily driven by a significant increase in advance payments from a major customer, and (h) a decrease in trade and notes receivables of RMB116.2 million, mainly reflecting our accelerated and improved collection of trade receivables from key customers.

In 2025, our net cash flows generated from operating activities was RMB640.5 million. The difference between our net cash flows generated from operating activities and our profit before tax of RMB219.3 million was primarily attributable to (i) adjustments for non-cash and non-operating items, mainly including depreciation of property, plant and equipment of RMB147.4 million, depreciation of right-of-use assets of RMB34.5 million, amortisation of intangible assets of RMB10.2 million, provision for impairment of inventories of RMB14.7 million, finance costs of RMB51.8 million and share-based compensation expense of RMB18.6 million; and (ii) changes in working capital, primarily including (a) an increase in inventories of RMB238.5 million, mainly due to the expansion of our production scale and an increase in sales orders, (b) an increase in contract assets of RMB33.0 million, mainly in line with the growth of our revenue and the corresponding increase in balances pending settlement, (c) a decrease in liabilities under supplier financing arrangements of RMB89.5 million, which were partially offset by (d) an increase in trade and notes payables of RMB597.8 million, primarily due to increased purchases from suppliers and the increased use of notes payables for supplier settlements, and (e) a decrease in trade and notes receivables of RMB5.0 million, mainly reflecting our improved collection of trade receivables.

In 2024, our net cash flows generated from operating activities was RMB179.4 million. The difference between our net cash flows generated from operating activities and our profit before tax of RMB346.3 million was primarily attributable to (i) adjustments for non-cash and non-operating items, mainly including depreciation of property, plant and equipment of RMB87.1 million, depreciation of right-of-use assets of RMB27.6 million, share-based compensation expense of RMB37.9 million and finance costs of RMB43.2 million; and (ii) changes in working capital, primarily including (a) an increase in trade and notes receivables of RMB769.5 million, primarily due to higher sales and the credit terms granted to certain customers, (b) an increase in inventories of RMB265.8 million, mainly due to the expansion of our production scale and an increase in sales orders, (c) an increase in contract assets of RMB61.3 million, which was in line with the growth of our revenue and the corresponding increase in balances pending settlement, and (d) a decrease in trade and notes payables of RMB119.9 million, mainly due to an adjustment in the settlement method with suppliers and a decrease in the use of notes payables for supplier settlements.

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In 2023, our net cash flows generated from operating activities was RMB173.4 million. The difference between our net cash flows generated from operating activities and our profit before tax of RMB226.1 million was primarily attributable to (i) adjustments for non-cash and non-operating items, mainly including depreciation of property, plant and equipment of RMB69.8 million, depreciation of right-of-use assets of RMB14.4 million, provision for impairment of inventories of RMB16.6 million, share-based compensation expense of RMB28.4 million and finance costs of RMB23.8 million; and (ii) changes in working capital, primarily including (a) an increase in trade and notes receivables of RMB184.5 million, mainly due to higher sales and the credit terms granted to certain customers, (b) an increase in prepayments, deposits, other receivables and notes receivables measured at FVTOCI of RMB373.9 million, (c) an increase in inventories of RMB134.4 million, mainly due to the expansion of our production scale and an increase in sales orders, and (d) an increase in contract assets of RMB77.7 million, mainly in line with the growth of our revenue and the corresponding increase in balances pending settlement, partially offset by (e) an increase in trade and notes payables of RMB480.7 million, primarily due to increased purchases of raw materials and the increased use of notes payables for supplier settlements, and (f) an increase in contract liabilities of RMB12.5 million, mainly due to an increase in advances received from customers.

Net Cash Flow Used in Investing Activities

For the six months ended June 30, 2026, our net cash flows used in investing activities was RMB178.6 million. Such cash outflow was primarily attributable to (i) purchase of property, plant and equipment of RMB413.3 million, mainly in connection with the construction and expansion of our domestic and overseas production facilities and the acquisition of production equipment, (ii) purchase of intangible assets of RMB7.6 million, and (iii) purchase of financial assets at fair value through other comprehensive income of RMB0.1 million, which were partially offset by (iv) proceeds from disposal of a subsidiary, net of cash disposed, of RMB 232.0 million, primarily relating to the disposal of our wholly-owned subsidiary, (v) proceeds from disposal of property, plant and equipment of RMB3.3 million, (vii) withdrawal of time deposits of RMB3.9 million, (vi) time deposits interest received of RMB0.2 million, and (viii) proceeds from disposal of land use right of RMB3.0 million.

In 2025, our net cash flows used in investing activities was RMB1,229.0 million. Such cash outflow was primarily attributable to (i) purchase of property, plant and equipment of RMB1,249.4 million, mainly in connection with the construction and expansion of our domestic and overseas production facilities and the acquisition of production equipment, (ii) placement of time deposits of RMB70.0 million, (iii) purchase of intangible assets of RMB23.4 million, (iv) payment for acquisition of a subsidiary, net of cash acquired, of RMB20.2 million, and (v) prepayment for right-of-use assets of RMB9.9 million, which were partially offset by (vi) withdrawal of time deposits of RMB145.7 million, (vii) proceeds from disposal of property, plant and equipment of RMB5.8 million, and (viii) other investing cash inflows, including proceeds from disposal of land use right of RMB3.7 million, disposal of other financial assets and financial assets at fair value through other comprehensive income of RMB3.9 million and RMB0.4 million, respectively, as well as time deposits interest received of RMB2.6 million and dividends received from other financial assets of RMB2.0 million.

In 2024, our net cash flows used in investing activities was RMB1,121.6 million. Such cash outflow was primarily attributable to (i) purchase of property, plant and equipment of RMB1,724.9 million, mainly in connection with the construction and expansion of our domestic and overseas production facilities and the acquisition of production equipment; and (ii) placement of time deposits of RMB690.7 million, partially offset by (iii) withdrawal of time deposits of RMB739.3 million, (iv) proceeds from sale of financial assets at fair value through profit or loss of RMB533.0 million, and (v) proceeds from disposal of property, plant and equipment of RMB33.4 million.

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In 2023, our net cash flows used in investing activities was RMB1,031.1 million. Such cash outflow was primarily attributable to (i) purchase of property, plant and equipment of RMB528.1 million, mainly in connection with the construction and expansion of our production facilities and the acquisition of production equipment, (ii) purchase of financial assets at fair value through profit or loss of RMB530.0 million, and (iii) placement of time deposits of RMB770.4 million, which were partially offset by (iv) withdrawal of time deposits of RMB814.5 million and (v) time deposits interest received of RMB7.3 million.

Net Cash Flows Generated from Financing Activities

For the six months ended June 30, 2026, our net cash flows generated from financing activities was RMB946.7 million. Such cash inflow was primarily attributable to (i) proceeds from bank borrowings of RMB2,154.9 million, mainly to support material reserves, capital expenditures for our overseas project construction, and the working capital needs of our overseas subsidiaries to advance our global business layout, (ii) proceeds from the exercise of share options of RMB5.6 million, and (iii) capital injection from non-controlling interests of RMB0.5 million, which were partially offset by (iv) repayment of bank borrowings of RMB1,008.1 million, (v) dividends paid to the shareholders of the Company of RMB126.0 million, (vi) interest paid for borrowings of RMB31.3 million, (vii) principal portion of lease payments of RMB17.2 million, (viii) repurchase and cancellation of restricted shares of RMB9.3 million, (ix) placement of restricted bank deposits of RMB1.3 million, and (x) interest paid for lease payments of RMB1.2 million.

In 2025, our net cash flows generated from financing activities was RMB815.0 million. Such cash inflow was primarily attributable to (i) proceeds from bank borrowings of RMB2,428.9 million, mainly to support our business expansion, production capacity expansion and working capital needs, and (ii) proceeds from issue of shares of RMB392.0 million, partially offset by (iii) repayment of bank borrowings of RMB1,772.1 million, (iv) dividends paid to the shareholders of the Company of RMB116.5 million, (v) placement of restricted bank deposits of RMB44.6 million, (vi) interest paid for borrowings of RMB46.0 million, and (vii) principal portion of lease payments of RMB32.9 million.

In 2024, our net cash flows generated from financing activities was RMB877.5 million. Such cash inflow was primarily attributable to (i) proceeds from bank borrowings of RMB1,977.3 million, mainly to support our business expansion, production capacity expansion and working capital needs, (ii) proceeds from redemption liabilities of RMB30.0 million, and (iii) proceeds from issue of restricted shares of RMB32.3 million, which were partially offset by (iv) repayment of bank borrowings of RMB771.8 million, (v) dividends paid to the shareholders of the Company of RMB115.2 million, (vi) payment on repurchase of shares of RMB92.7 million, and (vii) placement of restricted deposits of RMB134.5 million.

In 2023, our net cash flows generated from financing activities was RMB1,149.9 million. Such cash inflow was primarily attributable to (i) proceeds from issue of shares of RMB1,162.8 million, (ii) proceeds from bank borrowings of RMB1,115.8 million, mainly to support our business expansion, production capacity expansion and working capital needs, which were partially offset by (iii) repayment of bank borrowings of RMB1,036.9 million, (iv) dividends paid to the shareholders of the Company of RMB74.3 million and (v) interest paid for borrowings of RMB23.8 million.

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Net Current Assets/Liabilities

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

	2023	As at December 31, 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Inventories	483,834	733,986	957,751	998,872
Trade and notes receivables	1,338,054	2,093,280	1,780,889	1,661,123
Contract assets	154,393	214,106	246,958	256,210
Prepayments, other receivables and other assets	98,616	282,069	441,549	651,773
Prepaid income tax	1,364	1,066	4,487	11,826
Financial assets at fair value through profit or loss	531,285	—	1,147	2,570
Financial assets at fair value through other comprehensive income	309,416	55,109	150,359	322,952
Restricted bank deposits	34,272	194,090	221,075	275,547
Time deposits	74,590	97,589	21,634	17,746
Cash and cash equivalents	634,440	551,848	768,255	1,484,069
Total current assets	3,660,264	4,223,143	4,594,104	5,682,688
Current liabilities				
Financial liabilities at fair value through profit or loss	16,760	—	1,135	2,025
Trade and notes payables	1,232,091	1,112,180	1,709,955	1,542,909
Contract liabilities	22,105	29,858	53,037	182,168
Other payables and accruals	292,910	565,965	716,631	671,009
Bank borrowings	252,129	1,188,058	1,578,422	1,660,854
Liabilities under supplier financing arrangement	72,887	599,640	510,141	505,651
Lease liabilities	8,120	25,652	30,138	35,893
Income tax payable	23,119	12,351	23,208	32,331
	1,920,121	3,533,704	4,622,667	4,632,840
Net current assets	1,740,143	689,439	(28,563)	1,049,848

Our liquidity position improved from net current liabilities of RMB28.6 million as of December 31, 2025 to net current assets of RMB1,049.8 million as of June 30, 2026, primarily due to (i) an increase of RMB715.8 million in cash and cash equivalents; (ii) an increase of RMB210.2 million in prepayments, other receivables and other assets; and (iii) a decrease of RMB167.0 million in trade and notes payables, partially offset by an increase of RMB129.1 million in contract liabilities.

Our net current assets amounted to RMB689.4 million as of December 31, 2024 while we recorded net current liabilities of RMB28.6 million as of December 31, 2025. Such change was primarily due to (i) an increase of RMB597.8 million in trade and notes payables; (ii) an increase of RMB390.4 million in bank borrowings; and (iii) an increase of RMB150.7 million in other payables and accruals, partially offset by (i) an increase of RMB223.8 million in inventories; (ii) an increase of RMB159.5 million in prepayments, other receivables and other assets; and (iii) an increase of RMB216.4 million in cash and cash equivalents.

Our net current assets decreased from RMB1,740.1 million as of December 31, 2023 to RMB689.4 million as of December 31, 2024, primarily due to (i) a decrease of RMB254.3 million in financial assets at FVTOCI; (ii) an increase of RMB273.1 million in other payables and accruals; (iii) an increase of RMB526.8 million in liabilities under supplier financing arrangement; and (iv) an increase of RMB935.9 million in bank borrowings, partially offset by (i) an increase of RMB250.2 million in inventories; (ii) an increase of RMB755.2 million in trade and notes receivables; and (iii) an increase of RMB159.8 million in restricted bank deposits.

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INDEBTEDNESS

	2023	As at December 31 2024	2025	As at June 30, 2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Bank borrowings	252,129	1,188,058	1,578,422	1,660,854
Liabilities under supplier financing arrangement	72,887	599,640	510,141	505,651
Lease liabilities	8,120	25,652	30,138	35,893
Non-current				
Bank borrowings	196,026	470,600	440,056	1,567,963
Lease liabilities	6,970	50,991	40,695	44,577
Redemption liabilities	—	30,000	32,256	33,006
Total	536,132	2,364,941	2,631,708	3,847,944

We confirm that, there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. We further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed above, we did not have any outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of June 30, 2026, being our indebtedness statement date. After due and careful consideration, we confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since June 30, 2026.

Bank Borrowings

As of December 31, 2023, 2024, 2025 and June 30, 2026, we had borrowings of RMB448.2 million, RMB1,658.7 million, RMB2,018.5 million, and RMB3,228.8 million, respectively. Our borrowings are mainly denominated in Renminbi. The interest rate on our borrowings ranges from 0.80% to 5.75% during the Track Record Period. For details of the securities and guarantees for our borrowings, see Note 35 of the Accountants’ Report in Appendix I to this Document.

As of June 30, 2026, 2026, we have obtained committed banking facilities with a total amount of RMB3,667.2 million, out of which RMB1,893.1 million were unutilised.

Liabilities under Supplier Financing Arrangement

During the Track Record Period, we introduced a third-party supply chain information service platform to provide services to our suppliers with our electronic debt certificates. Our payment obligations under the electronic debt certificates are unconditional and irrevocable, and unaffected by any commercial disputes between the parties involved in the transfer of the electronic debt certificates. We shall not claim set-off or raise any defense against the payment obligations. According to the agreement, we shall settle the amounts stated in the electronic debt certificates on the payment date. The electronic debt certificates are transferable and financially viable.

Under supplier financing arrangements, the banks paid suppliers the amounts owed by us in advance of the original due dates. Our obligations to the suppliers are legally extinguished upon payment by the relevant banks. We then settled with the banks within 180 days after the bank’s settlement. Accordingly, while the amount payable by us remained unchanged, the creditor to whom we were obligated to make payment changed from the suppliers to the relevant bank upon such payment. These arrangements may extend the original payment terms.

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As of December 31, 2023, 2024, 2025 and June 30, 2026, we had liabilities under supplier financing arrangement of RMB72.9 million, RMB599.6 million, RMB510.1 million, and RMB505.7 million, respectively.

Lease Liabilities

As of December 31, 2023, 2024, 2025 and June 30, 2026, we had lease liabilities of RMB15.1 million, RMB76.6 million, RMB70.8 million, and RMB80.5 million, respectively. Our lease liabilities mainly represented our right to use buildings and others in our operations.

Redemption Liabilities

As of December 31, 2023, 2024, 2025 and June 30, 2026, we had redemption liabilities of nil, RMB30.0 million, RMB32.3 million and RMB33.0 million, respectively. Our redemption liabilities mainly represented redemption obligations arising from capital contributions made by certain shareholders of our subsidiary, which are subject to contractual redemption rights and special rights granted to such shareholders. We recognized such redemption obligations as financial liabilities, which were initially measured at the present value of the redemption amount and subsequently measured at amortized cost using the effective interest method, with interest charged to finance costs. See Note 34 to the Accountants’ Report in Appendix I to this Document.

Contingent Liabilities

During the Track Record Period and up to the Latest Practicable Date, we did not have any material covenants and undertakings on outstanding debts, guarantees, pledge of key assets or other contingent obligations, and breaches.

SUFFICIENCY OF WORKING CAPITAL

During the Track Record Period and up to the Latest Practicable Date, our primary source of liquidity has been and is expected to continue to be cash flows generated from operating activities and [REDACTED] from the discounting of notes receivable. Our cash and cash equivalents comprise cash on hand and deposits placed with financial institutions.

We recorded net current liabilities of RMB28.6 million as of December 31, 2025 primarily because, in the course of our continued expansion of production capacity and global manufacturing footprint, our current liabilities increased materially, in particular due to increases in trade and notes payables, current other payables and accruals, liabilities under supplier financing arrangements and short-term bank borrowings. At the same time, part of our working capital continued to be occupied by inventories, contract assets and prepayments in support of our growing business scale, ongoing production and delivery needs, and construction and operation of our domestic and overseas production bases. We have already taken a number of measures to improve our net current liabilities position and keep optimizing our working capital. In particular, we have strengthened the expansion of our overseas customer base, which generally provides relatively higher gross profit margins and more timely payments, and for large scale project orders we generally require advance payments of 20% to 30%, which helps improve our cash inflows. We have also increased cash inflows by disposing of certain existing assets, including the disposal of the equity interest in our wholly-owned subsidiary in Foshan, which generated cash inflow of RMB232.0 million. In addition, we have reduced the proportion of cash settlements with suppliers and increased the use of notes settlements. Following the implementation of the above measures, we improved our working capital position and recorded net current assets of RMB1,049.8 million as of June 30, 2026. As of June 30, 2026, we had obtained committed banking facilities amounting to RMB3,667.2 million and our available unutilized banking facilities amounted to RMB1,893.1 million, which provided us with sufficient short-term reserves for liquidity.

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Going forward, we will continue to improve our net current liabilities position and optimize our working capital through a series of measures, including strengthening the management of trade receivables and contract assets, implementing aging-based collection measures for overdue receivables exceeding 90 days, and optimizing inventory levels and production planning, with a target of reducing inventory turnover days by two days. We also plan to prudently control capital expenditures and capital commitments and optimize the payment term structure with our major suppliers, with a target of increasing trade and notes payables turnover days by two days. In addition, we will continue to utilize centralized procurement and bulk price negotiation to reduce procurement-related cash outflows. For our overseas operations, we plan to further enhance funding efficiency through local collection and settlement at our overseas subsidiaries, and establish a centralized global treasury management platform to improve the efficiency of overseas fund allocation and utilization. We also expect to reduce our bank borrowings upon receipt of the [REDACTED] from the H Share [REDACTED].

We believe, together with the foregoing measures, our liquidity requirements can be met through a combination of the following: cash generated from operating activities, our available unused bank credit facilities, other funds raised from the capital markets from time to time, and the [REDACTED] from this [REDACTED]. We do not anticipate any changes in the sources of financing for our future working capital. Considering the financial resources available to the Company, the Directors are of the opinion that the Company has sufficient working capital to meet its present and estimated requirements for at least the next 12 months from the date of this Document.

CAPITAL EXPENDITURES

Our capital expenditures relate to purchase of items of property, plant and equipment, purchase of intangible assets and right-of-use assets. In 2023, 2024, 2025 and for the six months ended June 30, 2026, the capital expenditures were RMB553.7 million, RMB1,753.0 million, RMB1,282.7 million and RMB420.9 million, respectively.

We expect to fund our future capital expenditures with our existing cash balance and [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We will continue to make capital expenditures to meet the expected growth of our business.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025 and as of June 30, 2026, we had capital commitments contracted but not yet provided for of RMB725.2 million, RMB1,094.3 million, RMB158.9 million and RMB591.6 million, respectively, primarily in relation to the acquisition of plant and equipment in connection to the manufacturing facilities.

CONTINGENT LIABILITIES

As of the end of each year/period for the Track Record Period, the Group did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

Further details regarding related party transactions are set out in Note 42 to the financial statements in Appendix I of this Document. The Directors confirm that these related party transactions have been entered into in the ordinary course of business and on normal commercial terms (or “arm’s length terms”).

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets out certain of our key financial ratios for the periods or as at the dates indicated:

	Year ended December 31			Six months ended June 30	
	2023	2024	2025	2025	2026
Gross profit margin (%) (Note (1))	21.7	20.1	17.6	16.8	18.9
Net profit margin (%) (Note (2))	6.0	6.5	4.1	4.5	4.3
Weighted average return on equity (%) (Note (3))	9.3	9.3	5.9	3.3	3.1
Current ratio (%) (Note (4))	1.9	1.2	1.0	1.1	1.2
Debt-to-asset ratio (%) (Note (5))	41.3	56.3	57.9	59.4	62.8

Notes:

- (1) Gross profit margin is calculated based on gross profit for the year/period divided by the total revenue for the same year/period and multiplied by 100%.
- (2) Net profit margin is calculated based on profit for the year/period divided by the total revenue for the same year/period and multiplied by 100%.
- (3) Weighted average return on equity is calculated by dividing the profit attributable to owners of the Company for the year/period by the monthly weighted average of equity attributable to owners of the Company.
- (4) Current ratio is calculated by dividing current assets by current liabilities as of the relevant date.
- (5) Debt-to-asset ratio is calculated by dividing total liabilities by total assets as of the relevant date and multiplied by 100%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of June 30, 2026, we did not have any off-balance sheet commitments or arrangements.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including foreign exchange risk, price risk, interest rate risk, credit risk and liquidity risk. We manage and monitor these risks to ensure that appropriate measures can be implemented in a timely and effective manner. For further details, see Note 47 to the Accountants’ Report in Appendix I to this Document.

DIVIDEND POLICY

Pursuant to the Company’s Articles of Association, the Company has adopted a dividend distribution policy under which it generally considers making dividend distributions on an annual basis and may also, subject to the approval of shareholders, consider interim dividends. The Articles of Association set out certain guiding principles for cash dividends, including that the Company may, subject to its financial performance, capital requirements and other relevant factors, consider distributing a portion of its distributable profits in cash. However, the Company does not have a pre-determined dividend payout ratio. Any declaration or payment of dividends is subject to the discretion of the Board and the approval of Shareholders, after taking into account the Company’s results of operations, financial condition, operating and capital requirements and other factors it considers relevant. There can be no assurance as to the timing, amount or form of any future dividends.

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, we declared or paid cash dividends to our shareholders of RMB75.2 million, RMB115.7 million, RMB116.5 million and RMB125.8 million, respectively.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of June 30, 2026, our Company had distributable reserves of RMB260.8 million.

[REDACTED]

We estimate that our [REDACTED] will be approximately HK[REDACTED], representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming an [REDACTED] of HK[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range)), which consist of (i) [REDACTED] related expenses (including but not limited to commissions and fees) of approximately HK[REDACTED], and (ii) [REDACTED]-related expenses of approximately HK[REDACTED], including (a) financial and legal advisory fees and expenses of approximately HK[REDACTED], and (b) other fees and expenses of approximately HK[REDACTED]. Whereas approximately HK[REDACTED] of the [REDACTED] is directly attributable to the issue of our H Shares to the public and is expected to be recognized directly as a deduction from equity upon the [REDACTED], approximately HK[REDACTED] of the [REDACTED] is expected to be expensed prior to the [REDACTED], with no [REDACTED] incurred during the Track Record Period.

The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that save as disclosed in the section headed “Relationship with our single largest Shareholders Group”, as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

[REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details of our [REDACTED] adjusted consolidated net tangible assets, please refer to the section headed “[REDACTED] Financial Information” in Appendix II to this Document.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that, up to the date of this Document, there have been no material adverse changes in our financial, operational, or trading position or prospects since June 30, 2026, being the date of the latest reporting period of our consolidated audited financial statements as set out in the Accountants’ Report set out in Appendix I to this Document.